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FINANCIAL TIMES

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Friday April 29 1977

** 12p



NEWS SUMMARY

GENERAL

Bhutto accuses foreign power

Hopes for a political settlement in Pakistan appeared last night to have been seriously set back by a belligerent speech in which Mr. Bhutto, Prime Minister, spoke of a "colossal international conspiracy" to oust him.

Although Mr. Bhutto did not name the U.S. his remarks left no doubt that he wished Pakistanis to believe that it was paying for an organising the agitation by the Pakistani National Alliance.

Earlier in the day, Mr. Aziz Ahmed, Foreign Minister, also blamed Pakistan's difficulties on foreign intrigues and bitterly attacked the BBC.

The BBC, he said, had consistently encouraged subversion in Pakistan. As with Mr. Bhutto, Mr. Ahmed was addressing a joint session of the two houses of the National Assembly which had been called to ratify the state of emergency. Attack on BBC, Page 6

Smith still favours U.S. aid

Mr. Ian Smith, speedily reuniting his Party chairman, Mr. Des Frost's TV assertion that Rhodesians could write off the Kissinger-proposed International Trust Fund for Zimbabwe after independence, summoned U.S. correspondents and told them it was strongly in favour of the fund.

Detectives in Belfast

active constables were wounded in Belfast yesterday. Earlier, detectives arrested a member of the Provisional IRA whom they described as "the most wanted man in Co. Tyrone."

Amin in Zaire

President Amin of Uganda flew into Zaire to inspect the "suicide squad" which he despatched on Wednesday to aid President Mobutu's forces fighting invaders in Shaba province. Page 6

Foundry blast

A worker was killed and 17 other men were injured in a foundry blast at the Birmingham Butter and Metal Company, Stell's Oak. A crane driver was knocked unconscious in his cab 40 feet above the foundry floor.

Spanish unions

The right to form independent trades unions was granted officially in Spain yesterday. Five unions immediately lodged articles of constitution with the authorities. Page 5

Speed record

Grand Prix driver Derek Bell broke the British flying 500 metres record with an average 151.34 mph at RAF Fairford, Gloucester. He was driving the five litre Ferrari in which Robert Horne broke Sir Malcolm Campbell's 51-year-old record with a speed of 191.64 mph on Wednesday.

Briefly

Three leaders of the Baader-Meinhof urban guerrilla gang were jailed for life in West Germany. Page 4

The Salvation Army's High Council of 41 commissioners and colonels met at Sunbury, Middlesex, to elect a successor to General Wiseman.

The House of Lords dismissed Evening Standard reporter Mr. Mark Hosenball's petition for leave to appeal against an Appeal Court decision upholding a deportation order.

Two Spanish fishing vessels were escorted by HMS Orkney to the Shetlands last night for allegedly fishing within the 200-mile limit. Soviet divers using aquabangs have carried out a series of experimental swims under the North Pole, the news agency Tass reported.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)	
RISSES	
Electric 3.5% 1976-79	£2.1 + 2
Treasury 13.5% 1983	£1.024 + 2
AT&T	1.024 + 2
Almatt London Props	154 + 6
Anchor Chemical	62 + 8
Assoc. Dairies	274 + 6
Beaverbrook "A"	43 + 5
Centre Hotels	54 + 5
Douglas Bros	166 + 4
Dow (G.)	102 + 6
Doland Packaging	100 + 6
Eric & Cordon Inv.	98 + 6
Florco Mopsp	163 + 5
Hawes Carter	103 + 19
Marchwiol	175 + 7
Pegler-Hattersley	156 + 6
Recukt & Colman	351 + 16
Welcom	140 + 8
Whim Creek	60 + 15
FALLS	
Home Charm	78 - 8
Hoover A	265 - 7
Marks & Spencer	117 - 3
McCartney	105 - 5
Vickers	173 - 3
BP	912 - 8
Bracken	67 - 5
Doufontaine	433 - 13
President Stein	535 - 13
Welsom	140 - 8

BUSINESS

New rise in gilts; equities fade

BY PHILIP RAWSTORNE

The Government yesterday prepared tough measures to counter immediately the general strike in Northern Ireland, threatened next week by militant Ulster Loyalists.

All possible steps would be taken to maintain essential services and minimise dislocation.

The Government's firm stand was given "total support" by Mrs. Margaret Thatcher, the Tory leader, who was informed of the Government's preparations by the Prime Minister at a private meeting at the Commons.

"We could be facing a most grave situation," he added, in an appeal to the people of Northern Ireland to help thwart the strike, or to overcome it if it took place.

Mr. Roy Mason, Northern Ireland Secretary, who also attended the meeting, returned to the Province last night.

The Prime Minister called a meeting of Ministers at Downing Street yesterday to discuss contingency plans to meet the threatened strike.

Ministers are clearly determined not to repeat the mistakes of the Government in May 1974, when many believe that action to deal with the Loyalist strike that ended the power-sharing executive was too late and too weak.

Mr. Callaghan made it clear in the Commons that the Government would not yield to the Action Council's demands for increased security operations or bullied," said that "members against the IRA, the establishment of forces legal and illegal, were attempting to defy the Government.

Mr. Molyneaux, who has warned the Rev. Ian Paisley, MP for Antrim North, that he could face expulsion from the Unionist coalition for his support of the Ulster militants, declared that the other Unionist MPs dissociated themselves from any "breaches of the law or any form of unconstitutional illegal activity."

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La traviata by MAX LOPPERT

Times dealt the Royal Opera Tyrolean revival an almost clean sheet on Wednesday, replacing conductor and two of the three principals. As sometimes happens on such occasions, the performance was often dramatically keyed-up and alive, with quickened interest and wit to compensate for any want of rehearsed smoothness. Indeed, despite the familiar obstacles placed in the way of native Veridian warmth by the Visconti-Frasca-Matzat visual conception, there was encouragement, considerable if not complete, to bypass them.

Sylvia Sasse, the young, tall, comely Hungarian soprano, an exceptionally graceful actress with long arms and expressive high cheekbones, who first appeared here in last year's *La Traviata*, is Violetta. She and the opera, and described by soon banishes fears of "make-Massimo." Mila was only fitfully evidenced in last night's performance. It tended to be brushed aside by Alfredo Kraus's Alfredo, whose dapper elegance removed to a singer's production unusually and skilfully often. At first he was apt to chirp the party along with his appearance, then revealed himself an accompanist with the taste to let some natural a Veridian mould his lines uninhibited. Strings gained bloom; there was a pinched, mean-sounding oboe. Some of the Royal Opera's best young men (Robert Lloyd, Robin Legg) brought a lumb to the throat.

Then, with the first vision of gate, Jonathan Summers) took his father, in the distinguished smaller roles; as Flora, Joan Davies seemed rather heavily

Ent. Miss Sasse is still an im-

perfectly finished singer. Along

Renato Bruson (the only jolly,

Book review

The virtuoso as artist

by CLEMENT CRISP

Barishnikov at Work: photographs by Martha Swope; text edited by Charles Engell France. A. and C. Black £15.00, 250 pages

We are always curious to know what makes a great artist tick—what the motivation; what the problems; what the ideals. Here, as the most convincing answer to those questions for a ballet-goer, is an exceptional book. It is exceptional in several ways: as a photographic record of a star dancer; as a detailed analysis of his thoughts and perceptions about dancing; and as a piece of book production.

Mikhail Barishnikov opted to stay in the West during the summer of 1974 while on a Canadian tour with a Kirov, Bolshoi concert group. He had already been recognised as a phenomenon in dance—a virtuoso performer in whom the aristocracy of Leningrad training was allied to a strong dramatic presence and his choice of greater artistic opportunities than he could envisage in Russia. He brought him an extraordinary range of roles in the two years since then. Most of these have been with American Ballet Theatre, but he has also danced in Europe and Australia, and his Royal Ballet appearances as Siegfried, Romeo, Colas—have shown us an artist of prodigious gifts.

All his work during these Western years—no less than 26 roles—he has photographed by Martha Swope, and it suffices to say that her talent is able to do justice to Barishnikov. The book's multitude of pictures are a vivid guide to Barishnikov as dancer; for text, we have Barishnikov the artist talking about his roles at length, in a skilled commentary that has been edited and assembled by Charles Engell France.

The result, handsomely to look at, is the first full portrait of a male dancer in his prime that I know of, without compromise, or fudging, or critic's excuses. If we are excited by the immediacy of Miss Swope's photographs—



Mikhail Barishnikov

German theatre

Der Snob by RONALD HOLLOWAY

By some casual oversight, the himself a "modern Molière," I have seen) this play seems to the after the playwright he admitted in the grandeur and expansive *Theatre* forgot to mention the most. To Sternheim's credit, his roominess of the subsidised "big house," the suave actor with name of Carl Sternheim. Apparently, he is rarely played in the English translations. In him a right to that generous pat tongue. In Germany, however, the witty, delicate, and high-blown language in *Der Snob* has made it a favourite in repertoire theatre for over 60 years.

Sternheim, together with Frank Wedekind, anticipated the expressionist drama and the horrors of the First World War. About a decade ago, Boy Golbert was in the hands of Hans Gründgens as actor, and he called Viennese audiences with Christian Rudolph, who plays the calling card when invited to Hamburg to manage the Thalia Theater. Of the versions of *Der Snob* (and other Sternheim plays

for over 60 years, the Düsseldorf production, put Düsseldorf on the map, and brought with it an immediate post-war young Gustav, elder Theobald Maska is approached as a stuffy, provincial Gründgens as actor, and he was so far as the avid theatre and a leek in his eye. His son, the son, (it is not probable that he is Armand, neither holy nor ghostly, but merely the grandson.)

Der Snob is a play which leaves, regrettably, is about three sizes, heavily on its title-role. In the small, Artur Menzel at the Merman Theatre for a director to arrive and start casting the show for which they have been engaged. As no director turns up, they begin to sing "Let's do it." Then, with dialogue that never rises beyond the level of the "cue for song," introduced just sufficiently to keep the songs apart, they sing 36 more songs. The cues are not relevant to anything that has happened before; when a number is over, we flick into the necessary two or three lines in order that another number may be started, and that's it.

There may be people, and I suppose Benny Green, who believe that this show together, rehearsals for conversations with the Count, the Snob's future business partner and father-in-law, which always come off as fractured, farcical, wicked comments on a decayed and materialistic society. These double-edged lines keep the play moving, particularly after the Snob has dumped his mistress, and sent his father off to Zürich in retirement just to keep him out of sight.

Der Snob had its British debut in our own time in Jack Clayton's film, *Room at the Top* (1959), a post-war comment on money and ambition, sex and class.

For some reason, perhaps because of the times, the rise of a petty crook to a dangerous position of power and influence fascinates each generation when the means are available. Molière, too, is a much more interesting comic talent through the eyes of Sternheim.

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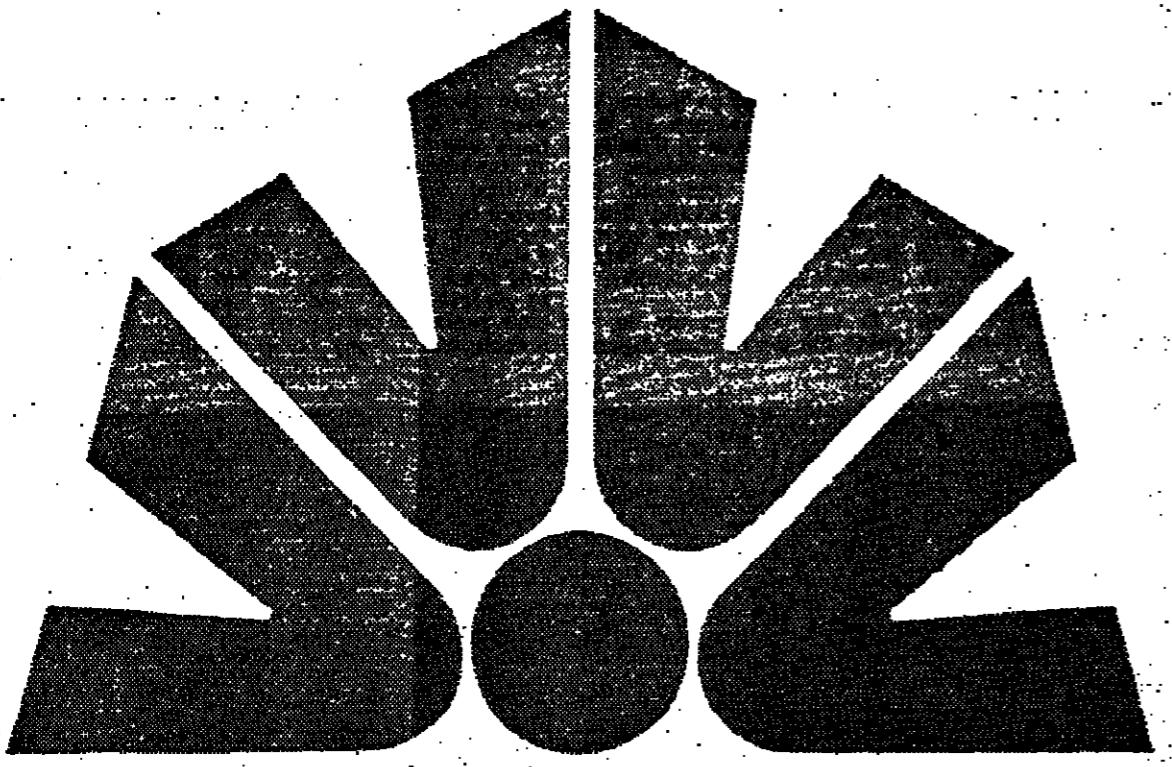
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EUROPEAN NEWS

THE BAADER-MEINHOF TRIAL

A grim chapter closes

BY ADRIAN DICKS IN BONN

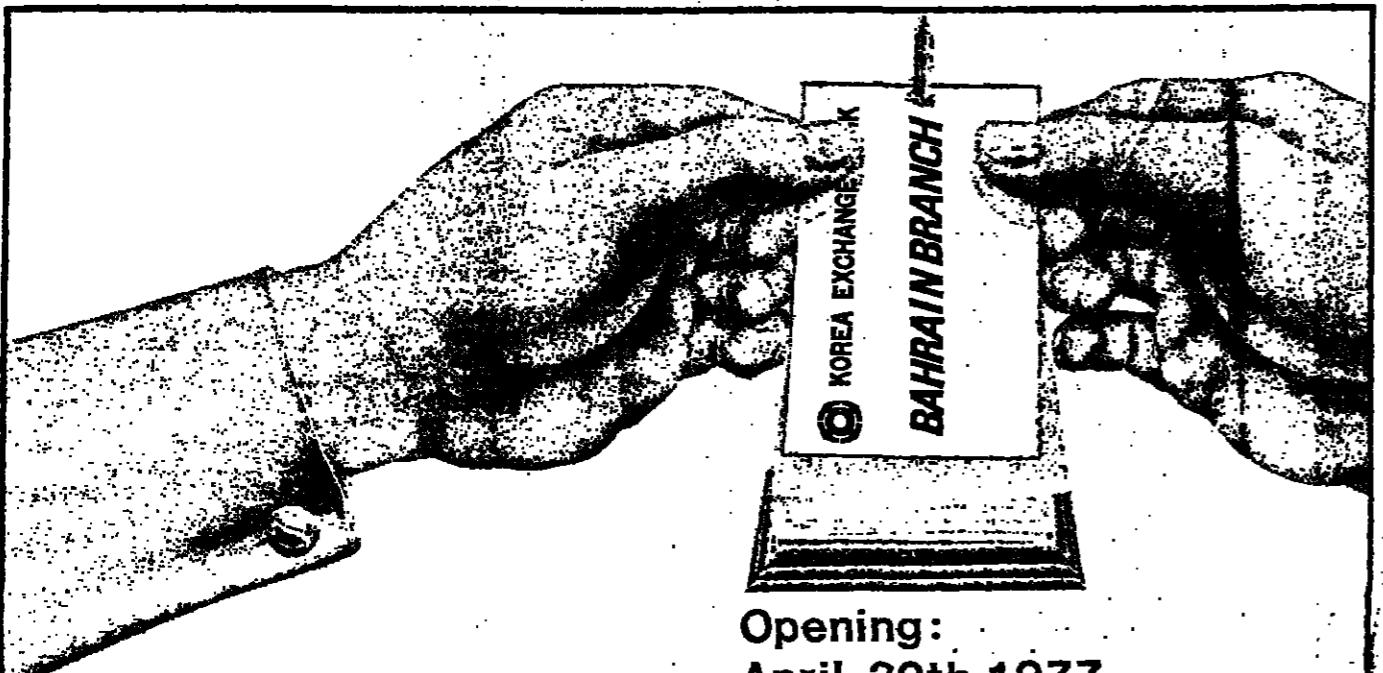


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THE longest, costliest and most controversial trial in post-war German history came to an end yesterday when, to no one's surprise, the three surviving members of the Baader-Meinhof group were found guilty of a series of murders, attempted murders and bomb attacks, and were each sentenced to life imprisonment.

The defendants, Andreas Baader, Jan-Carl Raspe and Gudrun Ensslin, refused to be present in the court-room, as did their appointed lawyers, who had instead presented final pleas and arguments in a Press conference on Wednesday evening outside the specially-built fortress-like Stammheim prison and court-house complex, near Stuttgart, where the trial has been held.

The lawyers' speeches consisted of vehement denunciations of both the legitimacy and the procedures of the trial, though they somewhat undercut the logic of this stance by serving notice that they might appeal the verdicts to the Federal court of appeals. And in a belatedly message from the three terrorists themselves, the lawyers ran through the familiar catalogue of left-wing rhetoric against the "Fascist" nature of the federal republic and its institutions and against U.S. involvement in Vietnam. It was out of empathy for American imperialism, so the self-styled "Red Army Group" has claimed, that the wave of bombings leading to the trial was carried out.

Equally predictably, the presiding judge, Herr Eberhard Foth, rejected all claims to political justification for the group's actions, and in his long and detailed summing-up, placed the emphasis on the four deaths and 34 near-deaths which the three had caused. West German public opinion is likely to agree overwhelmingly with him, and with the verdicts, and to hope that with three of the original instigators of the new anarchist generation now apparently behind bars for the foreseeable future, a grim character can at last be closed.

It is most unlikely that this will be possible. No one knows exactly how many terrorists remain at large in West Germany. The figure of 200-300 hard-core "fighters" plus a further 4,000 odd sympathisers, seems to be little better than a guess on the part of the police and counter-terrorist department of the

case

federal prosecutor's office. However, there are certainly enough incidents, of which the most prominent has been the murder in Vienna attack on OPEC headquarters and in the Ennabe affair last year.

Responsibility for this was promptly claimed by the "Ulrike Meinhof Commando," a reminder of the way in which German terrorists now seem to focus their resentments less of broad political outbursts of "fascism" than on the short and violent history of their own movement.

The point of reference in this

federal prosecutor's office. However, there are certainly enough incidents, of which the most prominent has been the murder in Vienna attack on OPEC headquarters and in the Ennabe affair last year.

Further terrorist incidents will not be the only, or even the most enduring, result of the Stammheim trial. It also raised uncomfortable questions about how a democratic society ought to deal with the terrorist question, and more specific questions about the very nature of the West German judicial process.

Some time call in the obligations of the trial, in view of all

they have earned with similar incidents abroad, for example

by their assistance to the Pales

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EUROPEAN NEWS

July 1977

W. German growth 'to be less than 5%'
By Adam Dick

BONN, April 28. West Germany's five leading economic research institutes predicted continued moderate economic growth in 1977, but were unable to agree on the economy exactly how much further the present rate of recovery has to run. The Berlin, Hamburg and Kiel Institutes, representing the more or less optimistic point of view, forecast real gross national product growth of 4.5 per cent for the year as a whole. This is an upward revision of 1 per cent from their autumn forecast six months ago, and is accounted for the institutes state, by the slower growth of exports.

However, the three bodies expect to see a relatively strong increase in production this year, with quite strong export growth, a significant increase in the available funds available to households.

While this is one factor that

should encourage the long-

waited recovery in industrial

investment, the three institutes

believe there should also be an

important push in the same

direction from the low real re-

turn on capital to be had from

financial markets, as well as

from the Government's recently

agreed medium-term investment

programme.

The majority report coincides

most respects with the views

of Herr Hans Friderichs, the

Economics Minister, but the in-

stitutes come down against the

Government's proposed increase

in value added tax, which they

feel could have a dampening

effect on growth. They expect

some 250,000 new jobs to be

created this year, but warn that

new entrants to the labour

market will be too many to allow

any fall in unemployment be-

low an average of 900,000 for

the year.

The Munich and Essen Re-

search Institutes' minority report

takes a more guarded view of

the prospects for 1977, with only

2.4 per cent real GNP growth.

They point to the fact in real

new investment between the last

quarter of 1976 and the first

three months of this year, and

place greater weight on the un-

certainty about the future which

carrying party members as such.

Sig. Zaccagnini has already

started the process of consulting

party leaders in advance of

formal negotiations, but the

Christian Democrats are

emphasising that their decision

to agree to a direct dialogue with

the Communists and others is

a qualified one. Hence, their

stress on "limits compatible

North-South talks head towards crisis

By ROBERT MUTHNER

PARIS, April 28.

THE NORTH-SOUTH conference between rich and poor nations, which resumed here earlier this week after a five-month interval, is heading for a crisis within the next two or three weeks, in spite of the more constructive atmosphere that marked the opening meetings of senior officials of both sides.

The past few days have shown that there is still a wide gap between the positions of the developed countries and the developing countries and the eight industrialised nations. No material exports would be indexed to Western rates of inflation. This has long been considered a non-starter by the industrialised countries, though other methods might be found of guaranteeing their export earnings.

The main hopes of the participants now centre on the proposal to set up a common fund for the stabilisation of the prices of some key commodities, which has already been fully discussed in the discussions of the at the recent Unctad meeting in Western summit conference in Geneva and the Common Market London on May 7 and 8.

Spanish unions legalised

By ROGER MATTHEWS

MADRID, April 28.

THE RIGHT to form independent trades unions was officially granted in Spain to-day, another step towards more democratic government. Five trades unions immediately lodged their articles of constitution with the authorities, an action that is followed almost automatically by legalisation.

The five are the Communist-dominated Workers' Commissions, the Socialist-aligned General Workers' Union, the USO, which is linked to a smaller Socialist faction; a regional union from the Basque province and another from Catalonia. Several others, including the traditionally Anarchist CNT, are still considering whether to go through the Government-imposed procedure.

Meanwhile, hundreds of officials at the headquarters of the Sindicatos (the vertically organised labour structure that was the corner-stone of the previous authoritarian regime) staged a demonstration as the leaders of the independent unions arrived. The demonstrators called on the Minister in charge of 'Union Affairs, Sen. de la Mata, to resign and complained that their future was not being taken into account.

There are nearly 30,000 em-

ployees of the official Sindicatos whose role is becoming increasingly irrelevant. They have been promised other jobs in the civil service, but meanwhile the old system operated under General Franco and the new unions are to exist in tandem.

Urgent talks between the union leaders and the Minister began this afternoon on the question of demonstrations and rallies to mark May 1. The Civil Governor of Madrid has already banned a mass march through the centre of the city but there are fears of serious clashes between riot police and demonstrators unless a compromise is reached.

The newly legalised unions are expected to launch an almost immediate campaign for substantial changes in the laws governing labour relations and particularly the right to strike. It was stressed to-day that although unions are now recognised, their activities are still very restricted by law.

For many union leaders it was an emotive day. Until the death of General Franco some had been summarily harried by the police. Jail sentences of more than 20 years were passed on leaders of the Workers' Commissions only three years ago.

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIAIn re U.S. FINANCIAL
SECURITIES LITIGATION

M.D.L. No. 161

SOCIETE GENERALE DE BANQUE,
RENTINVEST, NORTH AMERICAN
FUND A and ITF FUND LTD.,
PlaintiffsTOUCHE ROSS & CO.,
Defendant

Civil No. 74-569-T

SOCIETE GENERALE DE BANQUE,
RENTINVEST, NORTH AMERICAN
FUND A and ITF FUND LTD.,
PlaintiffsUNION BANK,
Defendant

Civil No. 75-1044-T

SOCIETE GENERALE DE BANQUE,
RENTINVEST, NORTH AMERICAN
FUND A and ITF FUND LTD.,
PlaintiffsBROWN, WOOD, FULLER, CALDWELL &
IVEY AND BROWN, WOOD, IVEY,
MITCHELL & PETTY,
Defendants

Civil No. 76-0619-T

NOTICE TO: THE PURCHASERS OF 95% GUARANTEED DEBENTURES (DUE APRIL 1, 1982) OF U.S.
FINANCIAL OVERSEAS, N.Y. BETWEEN APRIL 8, 1976 AND JULY 22, 1976.

YOU ARE HEREBY NOTIFIED pursuant to Rule 23(c) of the Federal Rules of Civil Procedure that there are pending in this court three actions entitled Societe Generale de Banque, Rentinvest, North American Fund A and ITF Fund Ltd. v. Touche Ross & Co., Civil Action No. 74-569-T; Societe Generale de Banque, Rentinvest, North American Fund A and ITF Fund Ltd. v. Brown, Wood, Fuller, Caldwell & Ivey, Civil Action No. 75-1044-T; and Societe Generale de Banque, Rentinvest, North American Fund A and ITF Fund Ltd. v. Brown, Wood, Ivey, Mitchell & Petty, Civil Action No. 76-0619-T (hereinafter the "Societe actions"). In which plaintiffs allege that certain violations of securities laws occurred in connection with the sale of 95% Guaranteed Debentures (the April 1, 1982 "Debentures") of U.S. Financial Overseas, N.Y. (hereinafter "Overseas") between April 8, 1976 and July 22, 1976.

THE DEFINITION OF THE CLASS IN THE SOCIETE ACTIONS

The court, by orders dated August 11, 1976, April 27, 1976, and October 14, 1976, has determined that the Societe actions shall proceed as class actions, as hereinafter defined, pursuant to Rule 23 of the Federal Rules of Civil Procedure. It is ordered that notice of this notice be given to members of the class in the Societe actions, which is defined as follows:

"ALL PERSONS WHO CURRENTLY HOLD 95% GUARANTEED DEBENTURES, DUE JULY 22, 1976, OF U.S. FINANCIAL OVERSEAS, N.Y. PURCHASED BETWEEN APRIL 8, 1976 AND JULY 22, 1976."

"All class actions are to be maintained as class actions for certain purchases of the common stock and debentures of the defendant, namely, in the three Societe actions as defined in those actions.

"This notice is given in order that the court may take into account the class in the determination of the pending actions.

THE PARTIES AND THE NATURE OF THE SOCIETE ACTIONS

Plaintiffs Societe Generale de Banque, North American Fund A, Rentinvest, and ITF Fund Ltd. in their complaints assert both individually and as a class that the defendants, through their actions in the course of their business as Touche Ross & Co. ("Touche Ross", hereinafter), Union Bank and Brown, Wood, Ivey, Mitchell & Petty ("Brown Wood", hereinafter), caused, participated in or aided and abetted in the issuance to the investing public of certain allegedly false financial statements and other material of U.S. Financial, Inc. ("U.S. Financial", hereinafter), and the offering of U.S. Financial's 95% Guaranteed Debentures. Plaintiffs allege that, based on the foregoing, Touche, Union Bank, and Brown Wood violated the antifraud provisions of the United States securities acts, specifically, Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. 78j(b) (hereinafter the "Act").

In their complaints, plaintiffs denied all allegations of wrongdoing, has denied any liability to plaintiffs or other members of the class, and has asserted various defenses. Defendant Brown Wood has also asserted a counter-claim against plaintiff Societe Generale de Banque ("Societe", hereinafter) for contribution based upon Societe's activities as a member of the underwriting syndicate for the debentures contained in the complaints as class actions. The court has determined that other actions, asserting claims similar to those asserted in the complaints in the Societe actions are to be maintained as class actions for certain purchases of the common stock and debentures of the defendant, namely, in the three Societe actions as defined in those actions.

U.S. Financial filed a Petition for an Arraignment Under Chapter XI of the Bankruptcy Act on July 21, 1976. The court, by order dated August 11, 1976, filed a Civil Action No. 76-0619-T, well. The proceedings are now proceeding under Chapter X of the Bankruptcy Act in the United States District Court, Southern District of California. At this time it cannot be predicted what payments, if any, Overseas or U.S. Financial will be able to make on the Debentures.

Plaintiffs assert that, among other things, is a notice only of the determination of class actions for purposes of litigating disputed claims against the defendants. No settlement of the claims asserted on behalf of the classes in the Societe actions will be effected without prior notice to the members of the class or class members, and prior approval of the court.

For more complete information concerning the complaint and the litigation, interested persons are referred to the documents on file at the Office of the Clerk of this court.

EFFECT OF CLASS DETERMINATION

Plaintiffs commenced these actions not only on behalf of themselves but also on behalf of the class consisting of all others similarly situated to wit: All holders of Debentures who purchased on or before July 22, 1976.

If you are within the class, that is, if you now own one or more Debentures which you purchased on or before July 22, 1976, YOU WILL BE BOUND BY JUDGMENTS IN THESE ACTIONS, WHETHER FAVOURABLE OR UNFAVOURABLE TO YOU. UNLESS YOU REQUEST, IN WRITING, EXCLUSION FROM THE CLASS AS PROVIDED BELOW, IT IS YOUR REQUESTED RIGHT, AS A MEMBER OF THE CLASS, TO PARTICIPATE IN A PRO RATA BASIS WITH THE PLAINTIFFS AND ALL OTHER MEMBERS OF THE CLASS, IN ANY MONEY RECOVERED BY THE PLAINTIFFS IN THESE ACTIONS, IF THEY PREVAIL, OR IN ANY SETTLEMENT OF THESE ACTIONS, IF THEY DO NOT PREVAIL. AFTER THE JUDGMENT IS RENDERED, OR SETTLEMENT IS MADE, IN THIS COURT, DEPENDS, WHETHER THE PLAINTIFFS WILL BE BOUND BY THE JUDGMENT OR SETTLEMENT OF THESE ACTIONS.

If you are within the class, you may enter an appearance through your own counsel. If you do not request exclusion and do not enter an appearance through your own counsel, your interests in the actions will be represented by the attorneys for the plaintiff class, Casy, Lase & Mirendorf, 26 Broadway, New York, New York 10004, and John D. Butler, Suite 220, U.S. National Bank Building, San Diego, California 92101.

EFFECT TO BE EXCLUDED FROM CLASS

The court will exclude you from this class if, and only if, you so request on or before July 15, 1977, in writing addressed to:

Clerk:

United States District Court for
the Southern District of California

P.O. Box 331

San Diego, California 92112, USA

Such a request must state: (a) the certificate numbers of all Debentures purchased by you on or before July 22, 1976 which are still held by you; (b) the date of such purchase; (c) the price you paid for such Debentures; (d) your name and address; and (e) that you request exclusion from one or more of the three Societe actions. If you do not request exclusion, you will be bound by the judgments of the court, Touche Ross & Co., Societe Generale de Banque, et al. v. Touche Ross & Co., Societe Generale de Banque, et al. v. Brown, Wood, Fuller, Caldwell & Ivey and Brown, Wood, Ivey, Mitchell & Petty. You may use either the attached form or your own letter to advise the court that you wish to be excluded from the class.

A CLASS MEMBER MAKING A REQUEST FOR EXCLUSION WILL NOT SHARE IN THE BENEFITS OF ANY SETTLEMENT OR RECOVERY IN THE ACTION ON ACTIONS FROM WHICH HE REQUESTS EXCLUSION. HE WILL NOT BE ENTITLED TO RECEIVE ANY JUDGMENT, SETTLEMENT, OR RECOVERY, AND WILL ONLY BE ABLE TO PURSUE INDIVIDUALLY HIS CLAIMS, IF ANY, AGAINST THE DEFENDANT OR DEFENDANTS NAMED IN SUCH ACTION OR ACTIONS. IF ANY, AGAINST THE COURT, HE WILL NOT BE ENTITLED TO RECEIVE NOTICES OF ANY FURTHER PROCEEDINGS, HEARINGS OR ANY OTHER INFORMATION CONCERNING THE PROGRESS OF THESE ACTIONS. IF YOU SO REQUEST, YOU WILL BE EXCLUDED FROM THE CLASS AS PROVIDED BELOW, YOU WILL BE BOUND BY THE JUDGMENTS OR SETTLEMENT OF THESE ACTIONS.

If you are within the class, you may enter an appearance through your own counsel. If you do not request exclusion and do not enter an appearance through your own counsel, your interests in the actions will be represented by the attorneys for the plaintiff class, Casy, Lase & Mirendorf, 26 Broadway, New York, New York 10004, and John D. Butler, Suite 220, U.S. National Bank Building, San Diego, California 92101.

If you do not wish to be excluded from the class and you wish to have future notices to the class sent to you by mail, please fill out the attached form and mail it to the address shown thereon. Your failure to execute and mail this form will not operate to exclude you from the class and you will still be bound by and entitled to receive all future notices to the class as provided above. The form merely enables the court to send all future notices directly to you.

REQUEST FOR NOTICE WITH RESPECT TO CLASS ACTIONS ON BEHALF OF HOLDERS OF THE 95% GUARANTEED DEBENTURES (DUE APRIL 1, 1982) OF U.S. FINANCIAL OVERSEAS, N.Y. WHO PURCHASED THOSE DEBENTURES ON OR BEFORE JULY 22, 1976.

I am a member of the class as described above and have not requested exclusion therefrom. Please send all future notices to the class to my attention as follows:

NAME _____

ADDRESS _____

CITY _____

COUNTRY OF RESIDENCE _____

MAIL THIS FORM PROMPTLY TO:

CLERK

United States District Court for the

Southern District of California

P.O. Box 331

San Diego, California 92112, USA

DATED: San Diego, California, USA

April 4, 1977

Signature _____

"Any debenture holder who submits this form will be deemed to have requested exclusion from all three classes if no other specification is made.

"If a corporation, partnership or other entity, indicate title of person signing on behalf of the entity.

Dated: _____

(Print name in full)

Signature _____

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Japan, Bonn policies meet criticism at IMF talks

BY JUREK MARTIN

THE ECONOMIC POLICIES of the West German and Japanese governments came in for some given the uncertainties and the opening session of the International Monetary Fund here this morning.

While painting a guardedly optimistic picture of the world economy, and while maintaining no major industrial nation would run the risks of restringing inflation by excessive stimuli

both Dr. Johannes Witteveen, the IMF's Managing Director, and Mr. Emil van Lennep, Secretary General of the Organisation for Economic Co-operation and Development, discreetly suggested necessary to adjust their find it

Dr. Witteveen said that a five percent growth rate in 1978 would be acceptable, and in April, the German Finance Minister predicted in his address that this would be achieved. However, the release

this afternoon of a forecast by West Germany's five leading

economic institutes that the country's real growth rate will be less than five percent went

by unnoticed here.

The consensus view seemed to be expressed in Mr. van Lennep's remarks. He noted the doubts about the strength of export demand in both countries and went on, "it is difficult to

say whether further adjustments in policy may be required but given the uncertainties and the instability of expectation concerning both growth and inflation, it seemed quite possible that they will be needed."

There is considerable

discrepancy among the major industrialised nations that Japan will be able to achieve its targeted growth of 6.75 per cent this year. The fear is that this

could only be reached on the

back of an export boom which

would much disturb those countries who are already worried

enough about the volume of

Japanese exports.

This morning's session was

devoted entirely to a largely

general and non-controversial

discussion of the world economy.

Substantive issues, such as the

size of the new Witteveen

facility increasing the IMF's lending resources, an IMF quota increase, and surveillance of exchange rate policies, will

probably not be taken up until

later today or tomorrow.

The suspicion remains, how-

ever, that though agreement in

principle on the Witteveen

facility will be reached at this

meeting, details will have to be

worked out later. There has

been reportedly still been no firm

commitment from Saudi Arabia

to contribute though one participant at this morning's meeting

had said.

Richard John adds: The

\$33m. being claimed back from

the oil companies resulted from

a misinterpretation of instruc-

tions issued by the Federal

Energy Agency during the period

of progressive OPEC price in-

creases and the initial six-months

Arab embargo on the U.S.

There is so much general

agreement on the Witteveen

facility that some nations feel

that the OECD fund, which has

been minimal ratification so

far from individual nations, is

being given less than its due

consideration.

The Japanese, whose Parliament has endorsed the OECD fund, are understood to be especially sensitive about

this.

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WORLD TRADE NEWS

Daimler commercial vehicles may be assembled in U.S.

By GUY HAWTHORN

DAIMLER-BENZ, the West Daimler-Benz an important start German motor manufacturer, is in the U.S. commercial vehicles having talks which could lead to market. Already, it controls a assembly of its commercial large share of the U.S. imported vehicles in the U.S. There is luxury car market, one that nothing in the negotiations to appear to be limited only by cover assembly of its cars, which production capacity. Its 1977 car sales target is 47,000 units, up from last year's 42,000.

Daimler-Benz has been exporting small numbers of lorries to the U.S. in recent years, and there has been intense speculation that the German company, and also Volvo, of Sweden, would at some stage mount a major attack on the North American market.

The prospective U.S. partner for Daimler-Benz is the White Motor Corporation. Under discussion are plans for White to assemble commercial vehicles from parts shipped to the U.S. from West Germany, and then sell them through its own distributor network. Daimler-Benz is also interested in using Daimler-Benz diesel motors in its own commercial vehicles.

Daimler-Benz to-day confirmed that talks are taking place, but said that no agreement had yet been reached. A spokesman said it was possible that an announcement would be made within a week or 10 days. The Stuttgart-based concern is also planning to purchase White's motor division subsidiary under a separate deal negotiated last year. This will probably be finalised in May. Daimler-Benz, however, declined to give details, either of the terms of the deal or Euclid's sales figures.

If an assembly agreement with White can be made, it will give Daimler-Benz the following confirmed that talks are taking place, but said that no agreement had yet been reached. A spokesman said it was possible that an announcement would be made within a week or 10 days. The Stuttgart-based concern is also planning to purchase White's motor division subsidiary under a separate deal negotiated last year. This will probably be finalised in May. Daimler-Benz, however, declined to give details, either of the terms of the deal or Euclid's sales figures.

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Major ship order for Norway expected

By Fay Gjelet

OSLO, April 28. FOUR NORWEGIAN shipyards are hoping for orders worth some Kr.640m. (571.1m.) from Egypt, following a Norwegian Government's decision to guarantee low-interest loans for this amount to Egypt by Eksportfinans, the Norwegian commercial banks' financing and export credit institute.

A financing agreement was signed in Cairo yesterday by representatives of Eksportfinans and the Egyptian authorities.

The deal is the second largest of several such agreements Norway has recently concluded with under-developed countries in an attempt to keep its shipyards busy through the current world slump.

The loans are reasonable (interest rates are subsidised under Norway's development aid allocations), and sometimes grants are given for training seafarers from the country concerned, as part of the contract package.

The contracts which Norway hopes to win in Egypt concern equipment for the Suez Canal, including tugboats, maintenance vessels and floating docks, small cargo ships for Egypt's state-owned fleet, and a hotel ship designed for traffic on the River Nile.

Representatives of the four yards concerned—Akerlofken, North West Engineering, Verlandsloen, Partbyggjarlag and Framnes Mek Verksted—are currently in Cairo negotiating with the prospective buyers.

They hope to agree terms quickly, so that work on the ships can start soon enough to permit delivery next year.

43m. Irish project

Fieldcrest Mills of North Carolina, has agreed in principle to take part in a joint venture to build a Terry Towel mill at Kilkenny, Irish Republic, to make towels, mainly for the European market.

The U.S. company's partners, each of whom will own a 25 per cent interest in the joint venture, will be the Bank of Ireland and P. M. Carroll.

The project, which will have total net assets of about £43m., is regarded as an important breakthrough in industrial development in the Irish economy.

Many procedural hurdles for imports have been abolished, such as income tax verification, compulsory export obligation on certain importers—while official agencies making imports are to be allowed to make direct allocations of raw materials to industries. Registered exporters will now be able to obtain imported

EUROPEAN AEROSPACE

Warning to Britain over Airbus project

BY DAVID CURRY

THE BRITISH company Hawker Siddeley—part of the newly-nationalised aerospace industry—will have no practical chance of winning the order to build the wings for the proposed medium-range B-10 version of the European Airbus without the formal participation of the U.K. in the consortium.

This was spelled out last night by Mr. Bernard Lathiere, managing director of the Airbus consortium—in which Hawker Siddeley has a small private stake but which is essentially a Franco-German affair through Aérospatiale of France and MBB and Fokker VFW. The U.K. will see the U.K. back in the project.

No hope

From a practical political point of view, there was no hope that a year had been doubly welcome, because the Airbus would fly on the airline's international route where it would receive useful publicity.

Mr. Lathiere was also sharply critical of Rolls-Royce, stating that the consortium had several times asked the British State-owned company to submit proposals for an RB-211 powered version of the Airbus. "We have still not had a reply. We are waiting, waiting and waiting," he commented.

In contrast, the American concern, Pratt and Whitney, had already furnished proposals for a JT8 powered Airbus and a JT8D powered Airbus and a Boeing 707 or a DC-8 with half

the fuel consumption, the Airbus supplying at least 180 passengers, seems completely still partial replacement for the Air France fleet, he said.

On the sales side, he said that France's Caravelle fleet, he said, was in doubt about the failure to win the expected order from Western Airlines.

He emphasised, was delighted with Hawker Siddeley's technological, financial and delivery performance in supplying the wings for the existing Airbus. They wished to see the U.K. back in the project.

Caravelle

The Caravelle replacement is one of the Government's biggest projects, the Boeing 737 is it. The French do not think the Douglas's own project is comparable with the development of the Mercure which was a notable failure in its original version and which could compete with any eventual Boeing 7X7 and Douglas's own possible DCX-200 aircraft.

Douglas is also interested in the possibility of stretching the life of its DC-9 model. The French do not think the Douglas's own project is comparable with the development of the Mercure which was a notable failure in its original version and which could compete with any eventual Boeing 7X7 and Douglas's own possible DCX-200 aircraft.

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"The greatest increase we have ever achieved in one year."



Mr. P. G. Walker, Chairman

Our company's business is the provision of life assurance protection for the public and acceptance of responsibility for their savings. This is an important and onerous task and I am therefore pleased to be able to report that, in a year which has been full of political and economic difficulties, we have once more performed exceptionally well and, in many areas, established records.

DIRECTORS AND MANAGEMENT

You will observe from the Directors' Report that Sir Dennis Pilcher is not offering himself for re-election, having reached the age of 70 which is the normal age of retirement from the Board. He has been a director of the Society since 1968 and, with his expert knowledge of the property market, has been invaluable to us in building up our extensive interest in this sector.

Mr. N. E. King, who is in charge of Marketing and Sales, has joined the Board as a further Executive Director, and I hope you will take as much pleasure in confirming this appointment as I take in recommending it.

At the end of the summer, it was with considerable regret that the Directors accepted Mr. L. C. T. Cottrell's retirement from the Board and the relinquishment of his position as General Manager. He had given 41 years' devoted service to the Society and the Board is deeply appreciative of his loyalty and conscientious work, particularly in the investment area. Following Mr. Cottrell's retirement and the acquisition of Artagen Properties Limited, we made some considerable modifications in the management structure of the Group. I took additional executive management responsibility and also became Chief Executive of Artagen. We were fortunate in having an able and worthy candidate for the position of General Manager in Mr. R. F. C. Zamboni. We also made some additional appointments, which were intended to cover overall functional and managerial responsibility, thus giving relief from day to day decision-making; Mr. C. A. Combes is Deputy General Manager, Mr. P. D. Bairstow is Assistant General Manager and Actuary and Mr. N. E. King is Assistant General Manager (Marketing & Sales). At Senior Executive level we also have Mr. J. W. Wicken as Deputy Actuary, Mr. R. B. Colbran as Pensions Actuary and Mr. J. D. Webster as Investment Manager. Five senior members of our staff have been promoted to Executive status, to strengthen the Divisional Executive. They are Mr. R. R. Brooke, Group Accountant, Mr. G. A. Howell, Administrative Services Executive, Mr. F. A. J. Berry, Marketing Executive, Mr. R. L. Haines, Sales Executive, and Mr. P. Padner, Data Processing Manager. We have also appointed our Chief Surveyor, Mr. J. M. Nicholls, to Executive status as General Manager of Artagen Properties Limited.

With the continued expansion of the Society's activities and the increasing complexity of our business, I am confident that the new arrangements will provide a more efficient management system, structured to meet whatever challenges may lie ahead.

NEW BUSINESS

During the first half of the year, both pensions and individual life assurance business was secured at a rate greatly higher than in the previous year. This exceptionally high level of activity was not maintained throughout the year, but nevertheless the increase in our new premium income exceeded the industry average. Indeed, our total premium income increased from £86.6m in 1975 to £107.5m in 1976, by far the greatest increase we have ever achieved in one year.

Our portfolio of group pension business has continued to develop satisfactorily. The rate of expansion would have been greater but for the general economic situation and the continuing restriction through the pay policy of the scope for new and improved pension schemes. We have never regarded the limitation on pension provision as justifiable or essential to the pay policy and we hope that this particular control will be removed in Stage 3. The amount of business for directors and executives was also affected by the conditions, although it remained at a level which must be regarded as reasonable in the circumstances. In order to help our connections in such markets as are open to us, we have prepared an audio/visual presentation which has been shown widely and very well received.

The fund of Sun Life Pensions Management Limited which we operate as an alternative investment medium for pension schemes grew in the year from £9.6m, to £14.3m. Our investment record since we started the operation in 1973 has continued to compare very favourably with those of other similar funds.

During the year wide publicity was given to the agreement amongst members of the Life Offices' Association to pay commission on a premium related basis. We fully support the terms finally agreed and welcome the fact that it will mean that the commission paid to an introducing agent by a member of the Association will be based on the premium paid by the individual and not on some other factor which may be irrelevant to the

client's needs. Additionally, the new commission structure enabled many non-member offices to join the Association—a very desirable development, as we consider it important that as far as possible the life offices are represented by a united body.

Inevitably, the new commission structure is having some effect on the pattern of our business, as it places a greater emphasis on short term savings than long term protection. The major part of the agreement was, however, effective only from 1st October last year and, bearing in mind that it will take time for brokers fully to adapt their operations to it, it is early to forecast what the ultimate effect on our business will be.

We are continuing sponsorship of such sports as squash, badminton and hockey in a selective way. By concentrating on this type of event, we are making ourselves well known in sports which have an increasing following amongst the younger element of the population.

During 1976 we acquired Charterhouse Japeth's interest in Sun Life Charterhouse Unit Assurance Company Limited and, having changed the name of the company to Solar Life Assurance Limited, much effort has been devoted to planning new contracts in order to market unit linked business solely through insurance broker intermediaries. The company restarted business on 17th January of this year and early results are encouraging. I regard this as a major development in an area where we are well equipped to be successful.

FUNDS

In 1976 we reached a landmark in the Society's history, the total premium income at £107.5m, exceeding £100m, for the first time. Investment income of the long-term insurance business funds rose by a record amount to £53.4m. Group income exceeded outgo by £66.6m... resulting in total funds, including investment reserves, of £663.4m. at the end of the year. On pages 22/3 of the Annual Report we show the progress over the past ten years.

We have continued to show the invested assets in the accounts at the values at which they stand in the books. However, the assets have to be valued for Insurance Companies Act 1974 purposes under the Valuation of Assets Regulations and the shortfall between such valuation and the total book values in the Balance Sheet is covered by investment reserves, which have been increased to £50.6m. at the end of 1976. Since the end of the year, there has been a marked improvement in stock market prices and property values and our invested assets at the end of March had a total market value in excess of total book values.

The accounts include for the first time a Statement of Source and Application of Funds to comply with the recent Statement of Standard Accounting Practice ("SSAP 10"). It has been agreed between the Accounting Standards Steering Committee and the Life Offices' Association that SSAP 10 is not applicable to the revenue account of a life office and is therefore required only in respect of the shareholders' funds. It has not been considered appropriate at the present time to have regard in the accounts to Current Cost Accounting as proposed in the recent Exposure Draft ("ED 18"). Discussions are taking place on the application of the proposed standard to insurance companies' accounts. As we have already had regard to the current values of assets, adjusted for the previously mentioned Valuation of Assets Regulations, Current Cost Accounting is unlikely to have any significant effect on the Society's results.

DIVIDENDS

The statutory limit on increases in dividends remained at 10% throughout 1976. The two half-yearly dividends each of £393.5p per share, which were paid in 1976, were the maximum that could be paid. The total dividend for the year was therefore 2,787.0p, equivalent to a gross dividend of 4,287.6p, compared with 3,898.0p for 1975.

A half-year's dividend of £1,532.8p per share has been declared for payment on 1st July 1977. At a basic rate of income tax of 35%, this represents an increase of 10% on the equivalent gross amount, compared with each dividend paid in 1976. If the statutory limitation on dividends and the basic rate of income tax remain unchanged, it is anticipated that a similar dividend will be declared for the second half-year, but if the conditional reduction in the basic rate of income tax to 33% is implemented, we would anticipate that the second half-yearly dividend would reflect the reduction in the basic rate for the whole year. It would, in any event, be the directors' intention to pay an increased second half-year's dividend if the statutory limitation was relaxed or abolished.

INVESTMENT

For investment markets, 1976 started optimistically, with inflation falling from the very high levels experienced in 1975. However, with Government spending at too high a level and a declining pound, the improvement halted. Minimum lending rate was raised to 15% in October and the Government had to seek a large loan from the IMF. Against this background, it is not perhaps surprising that both stock market prices and property values ended the year below the levels prevailing at the end of 1975.

With our new money we continued to take advantage of the high rates of interest available and over £30m. was invested in fixed interest securities. As you will know, during the course of the year we successfully completed the takeover of Artagen Properties Limited and I am pleased to tell you that we now own all the shares of that company. In February of this year the small quoted Debenture and Unsecured Loan Stocks of Artagen were repaid. Although Artagen continues to be run as a separate company, its staff is being integrated with our own property department to provide management for both of the portfolios.

We continue to hear complaints from the Government about the lack of new industrial investment. If they wish to increase the scope for investment, they must endeavour to make saving more attractive. Conditions need to be created in which investors can expect a real return on their money once again. One step which would help towards this end would be an end to the arbitrary restrictions on increases in dividends.

PENSIONS LEGISLATION

During the coming year, those employers who already have a pension scheme for their employees will have to decide whether to contract out of the new State pension scheme, which will come into force in April 1978. This is a particularly complicated piece of legislation. Many of the problems and procedures associated with it are still being worked out with the Department of Health and Social Security, who are responsible for the legislation, and with the Occupational Pensions Board, who have the responsibility for deciding whether schemes meet the requirements for contracting out and supervising them thereafter. The Social Security (Miscellaneous Provisions) Act includes some clauses affecting the contracting out provisions and has only recently passed through Parliament; detailed official guidance on some of the administrative arrangements has still to appear. All of this means heavy pressure on employers and on our staff in arranging contracting out in the time

available. Unless the Occupational Pensions Board are willing to accept a considerably streamlined procedure, it is likely that the large number of applications will result in many employers being without the necessary contracting out certificates until some time after 6th April 1978. They would then lose some of the saving in Social Security Scheme contributions which they will be expecting. In order to assist employers to reach a decision, the Society issued an explanatory booklet (a copy of which is available to any shareholder), setting out as simply as possible the points an employer will need to consider before deciding whether to contract out.

In spite of the legislative pressure affecting pensions, the Government decided to introduce proposals for compulsory action in their White Paper on the Role of Members in the Running of Schemes. This was quite contrary to the advice given by the Occupational Pensions Board, with all their knowledge and experience of pension schemes. Any such legislation will be highly controversial and likely to be detrimental to the extension of pension schemes to those who are not provided for at present. It now seems that even further legislation on pensions is intended in the current Parliamentary session to deal with equality of provision for women, and this must add to the administrative load.

POLITICAL INTERVENTION

We, in common with other industries, are suffering from a spate of legislation, much of which is producing the opposite effect to that for which it was intended. One has only to consider as examples the Rent Acts, which have produced a shortage of housing, and the Equal Pay Act, which has in some companies even had an inhibiting effect on the employment of female staff. Nevertheless, we hope that, with considerable co-operation between ourselves and the Government, the pensions legislation, to which I have referred above, can be made to work advantageously, but we are quite certain that if the proposals of the majority Bullock Report should be implemented, this would have nothing but an adverse effect on future prosperity and development in industry. This is not to say that we are in any way against the fullest consultation and co-operation between management and employees in our industry. Indeed, we can demonstrate that for years we have followed a policy of keeping every member of our organisation as fully informed as possible of decisions and policies which affect them and we intend to continue to develop the co-operation which has been achieved between the management of this company and the staff association.

The adoption by the Labour Party Blackpool Conference last year of the National Executive Committee's paper Banking and Finance poses another threat of political intervention in the affairs of our industry. Although we are not one of the seven companies named by the Labour Party for nationalisation, we share the entire insurance industry's concern at the harm which could be caused by Government control of the funds of millions of policyholders throughout the country. Any form of direction of investment, whether by means of nationalisation or otherwise, would only have one purpose—to support projects that cannot attract finance through conventional channels because they would provide inadequate returns or security. The dismal results of nationalisation in other sectors of the economy have hardly demonstrated that public ownership of part of the life assurance industry would lead to a better service for policyholders. Perhaps some good will come of Sir Harold Wilson's Committee of Enquiry into the financial institutions. I do hope, however, that the Committee will review very fully the nature of the whole range of services provided by financial institutions, and the needs which they are intended to satisfy, before it makes any pronouncements about the arrangements for the provision of funds for industry and trade.

ADMINISTRATION

I reported last year that relocation to Bristol had been a major administrative preoccupation during the year and this has applied again in 1976, with over two hundred staff moving to Bristol during the summer and occupying (with many new staff recruited locally) temporary accommodation initially and moving finally into our very fine new building, Sun Life Court, in February 1977. I believe that the standard of accommodation and equipment in Sun Life Court is second to none and provides first class working conditions for our staff there.

Relocation has, of necessity, caused a number of redundancies among staff unable for one reason or another to move to Bristol. Most of our more experienced staff have moved or will do in 1977, but for those who cannot leave the London area generous compensation (including for some older employees, immediate pension) has been provided under the terms of the redundancy agreement negotiated with the staff association.

Work has commenced on the refurbishment of the portions of 107 Cheapside which have become vacant and this will extend into the areas vacated by the remainder of the staff to be relocated in 1977, with a view to providing first class accommodation for letting. I am convinced that the financial benefits of relocating so many of our departments away from the City will, in due course, be very considerable.

I referred last year to the salary review to be carried out in May 1976, in accordance with the current Pay Code, and we shall be pursuing the same policy in 1977. However, it is becoming evident that, due to the limitations of Stages 1 and 2 of the Pay Code, salary differentials have narrowed and this together with the continuing inability to reward above-average performance is causing frustration among our staff. While a further period of pay restraint is felt to be necessary, failure to make it sufficiently flexible must in the end be counter-productive.

For the staff it has been a difficult year. The combination of a substantial increase in premium income, new legislation, relocation to Bristol, and new computer systems provided many problems and it is to the credit of the staff that these have been overcome, by long hours of work by many people, and by the determination of all the staff to maintain the standard of service for which the Society is so renowned.

FUTURE

Without foreknowledge of this year's incomes policy, and with all the many other uncertainties we face, it is very difficult to predict what we are likely to achieve in 1977. The omens at this time are, in many ways, not favourable, but I am confident that Sun Life Assurance is well placed to take every opportunity to achieve further progress.



SUN LIFE ASSURANCE

Sun Life Assurance Society Limited
Chief Office: 107 Cheapside, London EC2V 6DU.

HOME NEWS

Two more banks cut personal loan interest rates

BY MICHAEL BLANDEN

TWO BIG BANKS yesterday announced cuts in the cost of personal fixed rate loans for their customers.

Barclays is reducing the rate on new personal loans from Monday, under the Barclayloan scheme, from a true rate of 19.56 per cent. to 16.65 per cent. At the same time, the maximum amount that can be borrowed on Barclayloan is

being raised from £1,500 to £2,000.

The Co-operative Bank announced a cut in the rate on personal loans, of between £300 and £1,500, repayable over 12 to 36 months, from 17 per cent. to 15 per cent. The bank claimed that the move made its loans at least 14 per cent. cheaper than those of its nearest rival.

The Co-op is also reducing

the cost of 3-5 year home development loans, available for amounts of £400 to £1,500, from 18 per cent. to 15 per cent.

Cuts like this in personal loan rates reflect the sharp reduction in the general cost of money in the past few months. This has already been reflected in the cost of overdrafts, with the banks reducing the cost of money this year by about 1 per cent. to a level equivalent to 16.71 per cent. over two years.

Yesterday's moves by Barclays and the Co-op follow the decision earlier this week by Midland Bank to bring the rate on new personal loans down to an effective rate ranging between 16.38 per cent. for 6 months. This has already been reflected in the cost of overdrafts, with the banks reducing the base rate for lending from the peak 14 per cent. to

9 per cent. so far this year. At the present base rate, personal borrowers would pay generally some 12-14 per cent. for overdrafts.

Rates charged on personal loans, which are fixed-rate, fixed-term lending by the banks, have been changed less frequently. However, the sharp downward trend in the general cost of money this year has encouraged cuts by a number of banks.

Price inflation shows no sign of slowing

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

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HOME NEWS

Drax plan could cause redundancies in mining

BY ROY HODSON

THE GOVERNMENT's plan to stations equipped with generating sets below 100 megawatts building the second coal-fired Drax power station in Yorkshire at a cost of £600m, two years before it is needed will have the effect of transferring redundancy to other industrial sectors.

Until now the Central Electricity Generating Board, backed by the Electricity Council and the area electricity consumers' councils, has been objecting to the early ordering of the power station, principally on cost grounds. The electricity authorities calculate that electricity consumers would face an extra charge of up to £180m, in interest charges.

But a new assessment of the effects of early ordering indicates a big impact on jobs in coal mining as well as among coal station staffs. The CEGB has warned the Government that several old coal-fired power stations would have to be closed early causing a total cut in the CEGB's labour requirements of about 2,000 man years. In addition, National Coal Board coal sales to the Board would be cut by 1.5m. tonnes representing a labour requirement reduction in mining of about 3,000 man years.

The highly efficient Drax station would reduce the CEGB's need for less efficient capacity and several smaller and older coal stations would be closed early causing a further reduction in mining of about 3,000 man years. The electricity authorities will also have to find an extra £15m. and several smaller and older Drax from a

date two years earlier than planned. The CEGB would, however, expect to save £30m. over the two years by purchasing less coal because of the greater efficiency of Drax, and another £10m. by closing certain power stations after meeting redundancy payments.

When the £600m. contract is put out to tender, the work is expected to be distributed in the proportions: £125m. for the turbines; £175m. for the boilers; and £300m. for the cables, switchgear, control equipment, and ancillary equipment.

The remaining film would be spent before and after the six-year estimated building period.

Bringing forward the completion of the station will not give the CEGB bigger savings to offset the extra interest costs of borrowing £600m. before it had planned to do so.

The Board has replied to suggestions that it has overestimated its likely extra interest burden by stating that consumers will have to provide between £140m. and £180m. for higher electricity charges if interest rates are in the range of 12 per cent. to 15 per cent. If rates drop to as low as 8 per cent. the extra cost would be about £100m.

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GEC unions support takeover of Parsons

BY MAX WILKINSON

SUGGESTIONS that the General Electric Company should take over the turbine generator operations of C. A. Parsons were strongly backed by GEC's trade unions yesterday.

But they said the merger should only go ahead on condition that their jobs were not sacrificed to provide work for Parsons in the North-East.

In a statement yesterday which the unions were trying to put before Mr. Eric Varley, the Government's Industry Secretary, they said: "GEC employees are not prepared to see their employment prospects put in jeopardy by being absorbed by Parsons by the advanced order and placing of a new power station at Drax, near Selby."

Mr. Alec Green, chairman of the GEC Turbine-Generator Joint Trade Union Committee, explained yesterday that the Government had accepted that GEC should run the merged companies, and Parsons workers seemed to be getting a large amount of protection while theirs was not widely known.

He said they accepted the suggestions of the report by the Central Policy Review Staff (Think Tank) that the two companies should combine to produce a single technology. They already face a run-down of 1,600 of the labour force prepared to co-operate by the end of next year.

U.K. urged to play greater EEC role

BY ANDREW TAYLOR

BRITAIN SHOULD not remain preoccupied with its current domestic difficulties but should try to extend its role and influence inside the European Community, Sir Donald Maitland, British Ambassador to the EEC, said last night.

He told the Institution of Civil Engineers that Britain must satisfy its European colleagues that it is not using the EEC solely for its own interests "even though they might recognise that to some extent we are still seeking to restore the balance that was distorted by the world's largest single market."

Treasury relaxes dividend curbs on some companies

BY MARGARET RED

COMPANIES which have 90 per cent of their assets abroad, such as Incent, or more of their assets in the U.S. and Rio Tinto-Zinc Corporation, and which get at least 90 per cent of their earnings in the control, which generally from operations overseas will limit dividend increases to 10 normally be regarded as exempt per cent.

Companies which are officially registered as resident abroad for the Treasury in a clarification of tax and exchange control purposes will also be exempted. The which it said did not involve any change of policy. Nonetheless, the applications of all companies subject to the control will be considered on their merits.

The Treasury made its announcement following a number of inquiries after companies with their relations with the bulk of their business and governments and shareholders

Sun Life £60,000 grant to ex-director explained

A £60,000 SPECIAL payment to be made in appreciation of a long-serving former general manager of Sun Life Assurance Society who had retired early. Mr. Cottrell had been in the view that these concerns had taken into account the fact that pay rises had recently been restricted by the Government's pay policy.

Mr. Philip Walker, Sun Life Assurance's chairman, said: "That in turn holds down pension accounts as an ex gratia payment. Walker said, adding that to a former director, went Mr. Cottrell's pension was related to Lawrence Cottrell, the general his salary, which was lower than manager who retired last year. He would otherwise have been after more than 40 years getting "We were, I think, entitled to take that into account," he commented.

THE STATE-OWNED British Transport Docks Board improved its return on capital last year from 8 per cent. to 15.5 per cent. by achieving a surplus of £25.5m.

According to the Board's annual statement for 1976, published yesterday, there was a net surplus before tax of £11.6m. in spite of interest payments of £2.7m. and a £6.6m. transfer to reserves to cover replacement cost deprecations.

Commenting on the improved results, Sir Humphrey Browne, the Board's chairman (pictured right), said that the major factors in improving profitability had been benefits arising from capital investments at the ports, a continuing tight control of costs

Streamlining of State Docks Board results in £25.8m. surplus

BY ROY ROGERS, SHIPPING CORRESPONDENT

and an 8 per cent. increase in traffic, taking it to 83.5m. tonnes.

Principal traffic increases were a 20.5 per cent. rise in ores to 10.9m. tonnes; and a 13.9 per cent. jump in manufactured goods and other commodities to 18.2m. tonnes.

In spite of streamlining some activities and reducing staffing levels in some areas, inflation forced the Board to raise port charges early in 1976 and again in January, 1977. But no additional increase is expected for the remainder of this year provided there is no major change in the rate of inflation.

On the Board's future pros-

pects, Sir Humphrey says that because of inflation the 15.5 per cent. return on capital cannot be regarded as adequate for the long-term health of the Board and improvement was necessary.

Although he hoped for some improvement this year, he stressed that much will depend on the degree of freedom from industrial disputes within and outside the ports industry, as well as general economic trends and available traffics.

NOTICE OF REDEMPTION to the holders of

Ente Nazionale per l'Energia Elettrica (ENEL)

(Italian National Electric Energy Agency)

Guaranteed Floating Rate Loan Notes 1980

Notice is hereby given, that pursuant to the Fiscal Agency Agreement dated May 27, 1970, there has been selected for redemption on May 31, 1977, through operation of the Sinking Fund, \$3,699,000 principal amount of Ente Nazionale per l'Energia Elettrica (ENEL) Guaranteed Floating Rate Loan Notes 1980. The following are the serial numbers of the Loan Notes which will be redeemed, in whole, or in part:

Loan Notes in the principal amount of \$1,000 bearing the prefix M to be redeemed in whole.

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INTERNATIONAL AEROSPACE

MAY 31 1977

The Financial Times is preparing to publish a survey on the world's aerospace industry in its edition of May 31, 1977. It will analyse developments in the industry in all aspects—civil, military, political, economic and sociological. Separate articles will examine the situation in the aerospace industries of France, West Germany, Holland, Italy, Sweden, the Soviet Union and the United States. The main headings of the proposed editorial synopsis are set out below.

INTRODUCTION Aerospace industries share common problems of cash shortages, rising costs, increasing complexity and markets reluctant to commit themselves to new aircraft.

NEW PROGRAMMES The big manufacturers are seeking new programmes with which to fill their factories in the 1980s, at a time when airlines are reluctant to commit themselves to purchases of new aircraft.

AERO-ENGINES The major aero-engine builders are aware of big new markets pending but uncertain as to what products will be needed to supply them.

HELICOPTERS Military markets dominate the world helicopter industry but a growing interest in new civil helicopters makes it possible that civil requirements could overtake military ones.

SUPERSONIC AVIATION Where has Concorde got in its fight for recognition and support and what is the future for supersonic civil aviation?

SPACE RESEARCH Increasing emphasis is being placed on the need for value for money spent in turning space research to useful purposes.

CIVIL AVIATION Airlines, still recovering from the effects of the oil crisis and recession, face problems of over-capacity, re-equipment, rising costs and regulatory difficulties.

AIRPORTS With air traffic rising again, the problem of dealing with this traffic on the ground is again dominating the thoughts of airlines and government bodies.

BUSINESS AIRCRAFT The use of light aircraft for business executive travel is increasing; many thousands of such aircraft are bought annually.

AIR CARGO What are the problems holding back the big breakthrough in air freight which is generally believed to be possible but which is slow to materialise?

REGULATORY REFORM The International Civil Aviation Organisation and the International Air Transport Association, concerned about the need for a more coherent international policy on the regulation of civil aviation, are seeking ways to encourage governments to reform present techniques.

AVIATION IN AGRICULTURE What is being done to promote the use of the aeroplane in helping to develop agriculture?

LEISURE FLYING Developments in leisure flying where there is a big growth in the demand for aircraft for recreational purposes.

The survey will also include separate articles on the aerospace industries of France, West Germany, Holland, Italy, Sweden, the Soviet Union and the United States.

The proposed publication-date is May 31 1977; copy date is May 20. For further details of the synopsis and advertising rates contact Alan Rose 01-248 8000 extension 7112, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 885033.

The content and publication dates of all surveys are subject to change at the discretion of the Editor.

Dr. Kissinger is to be given the Humanitarian Award for 1976 of Variety Clubs International in Monaco tonight. Previous holders include Sir Winston Churchill.

Diplomacy learnt the hard way

BY MALCOLM RUTHERFORD

THE greatest tribute one can mark, directed at the then collapsed, and Saigon fallen, was the Middle East war of this was intended to lead. There pay to Dr. Henry Kissinger is Secretary of Defence, Dr. James within less than two years of its October, 1973, which not only was no noticeable recognition that the world which President Jimmy Carter has inherited is of God is strategic superiority?" In fact, strategic superiority has ripe for a period of creative diplomacy of a kind which Dr. Kissinger always craved, but never quite achieved. For it is one of the ironies of the former Secretary of State that, by his own standards, he was a failure. Only at the end, when he had learned from his earlier mistakes, did he succeed in constructing a framework for policy-making.

Dr. Kissinger took office as head of the National Security Council in 1969 as a critic of the bureaucracy, an expert in nuclear strategy and a man with a reputation for taking a global approach to international affairs. In all these areas it is arguable that he was less than successful. When he took on the additional bat of Secretary of State in 1973, the U.S. foreign policy-making bureaucracy did not function noticeably better than under his predecessors.

Indeed there were times when he was in public confrontation with the Treasury—for example, at the United Nations seventh special session on development

—and with the Department of Defense on strategic arms limitation. In each case it became very difficult to know what U.S. policy was.

Nor was the aim of global diplomacy always put into practice, either in its strict geographical sense or in the wider sense of taking factors other than political and military into account. Dr. Kissinger was frequently surprised by events or turned his attention to certain parts of the world too late.

Cyprus, the Middle East and Southern Africa are all examples. It was only in his later years that he acknowledged the importance of economics both in relations between North and South and between the industrial democracies.

Not least, the image of Dr. Kissinger as a cold intellectual is wrong. He could be both emotional and irrational. He showed his emotions when he suddenly called a Press conference in Salzburg in the summer of 1974 to threaten resignation if he was not cleared of certain wiretapping allegations.

His irrationality was most apparent in his rhetorical re-

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FINANCIAL TIMES SURVEY

Friday April 29 1977

Job 150

Calculators

After a period of unprecedented growth, calculator sales now reach a peak during the pre-Christmas period and at the start of the new school year. This has caused problems for retailers and for manufacturers—whose numbers continue to shrink.

Shift in sales pattern

By Ted Schoeters

After five years of explosive growth, the market for calculators is approaching maturity, in the view of John Macdonald, managing director of the U.K. branch of a company—Casio—which has made giant strides in Britain and Europe during the last four to five years.

One of the signs of this maturity is the appearance of seasonal swings in sales with some 25 per cent of the year's business done in the first quarter, 15 per cent in the second, 20 per cent in the third and 40 per cent in the fourth, covering the start of the school year and the Christmas period. This pattern is

Most of those makers whose emerging from what previously was a steady month-by-month advance which has produced for the industry in general a growth in output estimated at about 30 per cent compounded over the last seven years—an unprece-

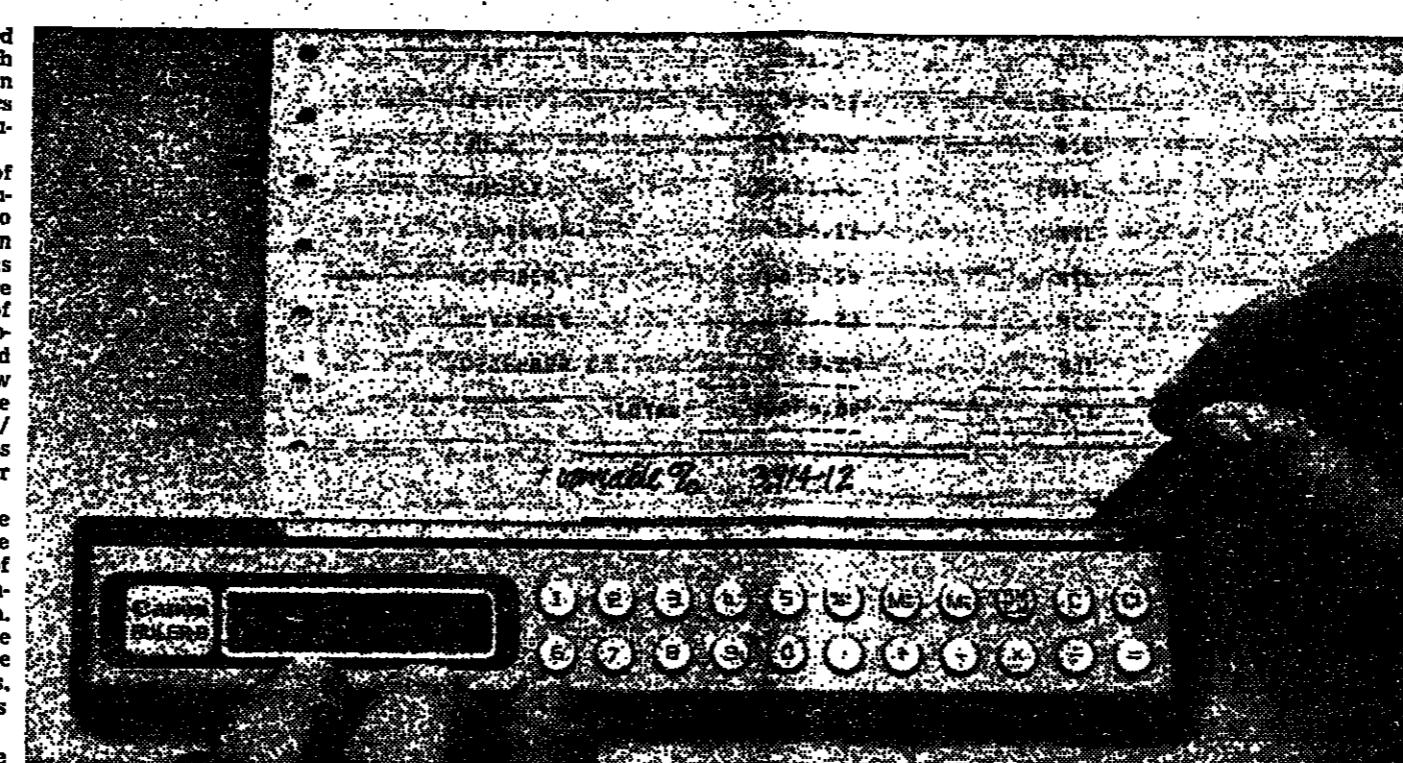
dented development matched only by the digital watch phenomenon and the expansion of that sector of the electronics industry supporting both calculators and watches.

With the appearance of seasonal swings there are indications that the market is also stabilising and total production on a world basis for 1977, it is anticipated, may lie somewhere between 70m. and 75m. units of which 85 per cent will be so-called consumer hand-held calculators of comparatively low cost and the remainder the more powerful and versatile desk top/printing specialist machines which can go up in price to over £4,000 and more.

Output is not expected to rise more than 10 per cent over the 1976 figure of 65m./68m. of which 20m. went to Europe, including between 4.8m. and 5m. delivered in Britain. Some sources quarrel with these figures which are for deliveries, and say they are too generous by about 30 per cent.

There may, of course, be one reason or another as, for instance, the three-month boomlet in Britain last year which began in mid-August and second, 20 per cent in the third appeared to have no special cause other than that of spending the fourth, covering the start of the school year and the Christmas period.

Most of those makers whose



The Canon Ruler 8, built into a graduated ruler, is a liquid crystal display unit with one line memory and a capacity of eight digits.

black again. At the same time, companies in commercial straits should help to consolidate the scale circuits there is nothing the casualties from the calculator arena appear to be surviving quite happily. Sinclair Sinclair expects a great deal where its major competitor appears to be Casio. Sinclair indicates that he will bring out a small low-cost calculator in June which There will be a number of new market vigorously in Europe will be a general purpose unit instruments, also based on LSIC. Sinclair, at its recent launch, quoted "six figure" production targets for the unit which company's expertise with large

Casio and CBM are neck and neck for first place and TI is in third place but at some considerable distance.

This ranking included Rockwell as number four, but this is obviously bound to change with the Rockwell decision announced last month to concentrate on desk-top calculators and continue selling portables only until stocks run out.

The Rockwell move is attributed by some market observers to the collapse of the Japanese manufacturing company Systek with \$34m. of debts.

Supplier of many low-priced machines to Rockwell and others, Systek had been suffering from the increasing competition of the Hong Kong and Taiwanese assemblers and is now under the Japanese law similar to the U.S. Chapter XI.

Debts

Casio claims the number one position in Japan, number one in the U.S. and number one of two, give or take a few machines, in Europe. No one yet seems to have followed the jewelry trend set by Sinclair with its Sovereign slim-line calculator, a venture which Clive Sinclair identifies as being remarkably successful.

Agreeing that users have become much more sophisticated and discriminating, the autumn boom, Casio as many as 20 new models, though how many will have undergone enjoyed for a number of years purely cosmetic changes by offshore operations is rapidly demanded by users is hard to determine now that

CONTINUED ON PAGE III

Look at the Logos and you have made a complete calculator survey.

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Olivetti now closes the gap.

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If you'd like more details on the new Olivetti Logos family write to Peter White, British Olivetti, 30 Berkeley Square, London W1X 6AH.



Olivetti

CALCULATORS II

New sophistication for the user

THE MOVE by Sinclair Radios last week in bringing a hand-held programmable on to the market for £15.95 plus VAT (and an extra £4.95 for the 400-programs package) could have a dramatic impact on the calculator market.

For while we have been accustomed to rapidly falling calculator prices, it is only now that programmables have come into the price range of ordinary consumers. The Sinclair model is about 75 per cent cheaper than any other of its type on the market and, even though it might not have the full storage and programming capacity of some of the competitive models, it is likely to help expand this sector of the market, with new users adopting the new sophistication.

Although it looks similar to the other Sinclair calculators, the new model can be given a transfer to the electronic program of up to 35 steps which will be retained in its memory. One probable market is in schools and colleges where as financial calculations become

students will be able to learn more complicated and as speed becomes essential. The manufacturers are trying to develop this market by bringing specialised calculators on to the market.

Commodore Business Machines (CBM), for example, has had some success with its 14-digit rechargeable financial calculator. It can considerably simplify all per cent calculations, and compound interest, yield calculations, amortisation, present and future value and effective rates. Therefore it is an ideal tool for accountants, bankers, insurance salesmen and brokers as well as financial analysts and is the kind of machine that is increasingly seen either in the briefcase or at home. More and more people are taking this type of calculator home with them, to figure out their personal finances.

CBM, which is the biggest manufacturer of calculators in the U.K., also has a range of specialised calculators for other professionals. Apart from its

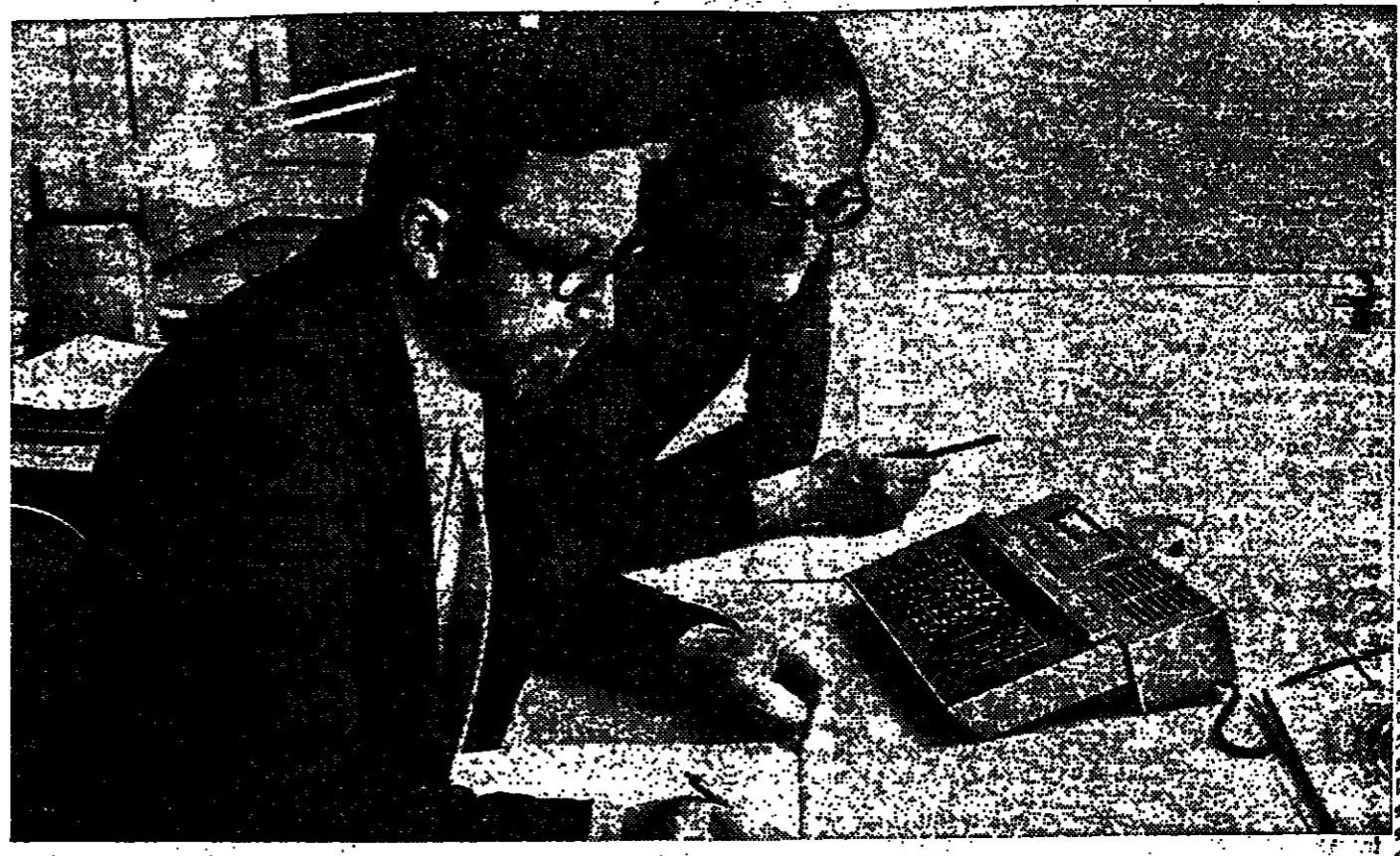
financial model, there are models for mathematicians or statisticians or even navigators. Because these are pre-programmed, the operation is easier. The normal price is around £80 for each model.

allowed students to take calculators into examinations.

Naturally the biggest demand will come from scientists and engineers who have been using programs in their normal daily work. But the time may well come when financial people adopt these kinds of tools to a much greater extent than at present. The main reason this sector of the market has lagged is that whereas engineers are accustomed to the benefits of the slide rule (and have transferred to the calculator with ease), most people who work with figures in the financial world have traditionally worked with books and figures. Hence their immediate requirements

have not encouraged them to transfer to the electronic medium.

But this could begin to change as financial calculations become



The Olivetti Logos 75B calculator with pre-programmed routines for the business user.

Sinclair Calculators

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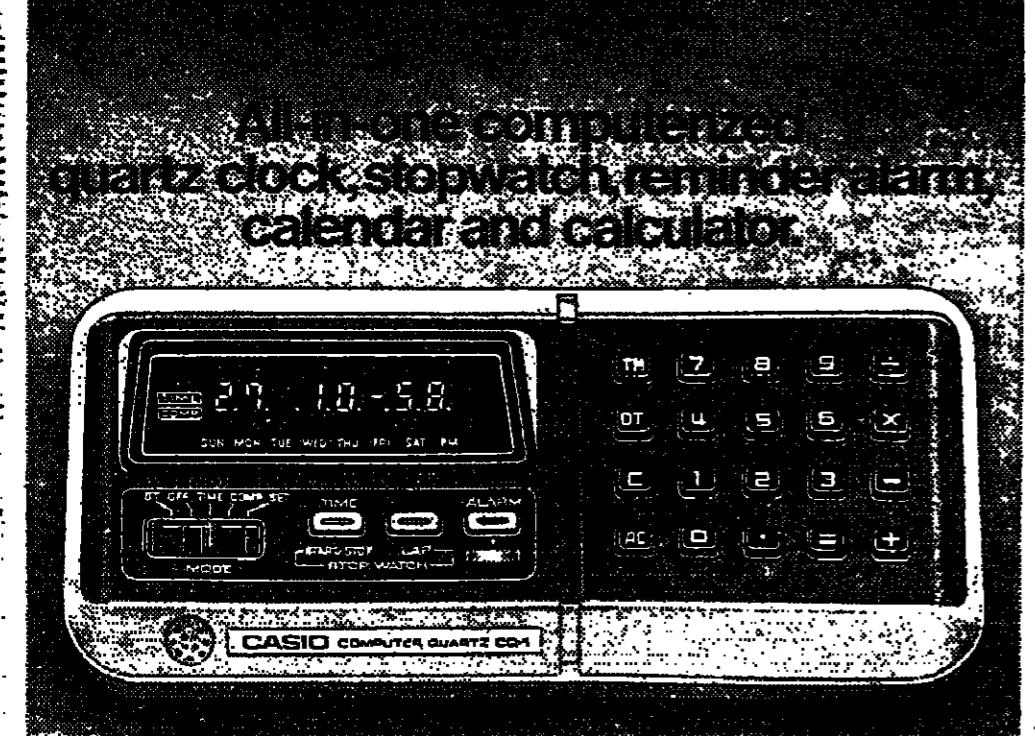
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Growing interest in European production

AFTER YEARS of seeing South East Asia as the workhouse of obviously be tested exhaustively, since adding the labour to the consumer electronics industry, a strange change is coming cost to even a small number of the thinking pattern faulty chips can pollute a number of the major semi-conductor manufacturers companies. profit margin on the finished device.

They are beginning to see parts of Europe as cheap areas. Once packaged time DIP for the labour intensive task of calculator assembly. In particular, relatively cheap female It is at this point that a marginal decision must be made: the quality of test that can be made in the Far East high enough to allow the company to build the finished product there?

Jennings described the problem as one of bulk. He said: "It is still cheaper to assemble, for example, watch modules—not complete watches—in the Far East. But calculators are bulky, and current air freight charges reflect a higher bulk penalty, rather than a weight penalty.

"And if there is any question about whether you are shipping an appreciable quantity of duds by air freight, your costs go out of control again. We prefer to select good chips here in the U.K. where qualified QC people are not so hard to find."

From the U.K. parts are air-freighted—but fully tested. "And the fact that we sell most of our production in Europe does make the decision to assemble them here more logical than if the bulk had to go elsewhere."

There is not altogether unanimous agreement with CBM's approach.

A Texas Instruments executive indicated that the company's assembly of calculators in Italy reflected its European bid to be the top seller in most markets, in fact. But shared by the rest of Texas' it comes a long way down the line of assembly.

Commodore, for example, is said to be the top seller of handheld calculators in Europe—it is said to be the top seller in most markets, in fact. But shared by the rest of Texas' it comes a long way down the line of assembly.

Commodore diffuses its silicon in the U.S., since this operation is capital, rather than labour, intensive. This trend is likely to increase, as the equipment required to produce four-inch diameter wafers costs much more than the old two and three-inch diffusion machinery.

Like most other U.S. semiconductor companies, it ships the silicon slices to the Far East for incorporation in dual-in-line (DIL) packages (DIPs).

And it flies these packages into the U.K. for assembly of the final calculators. The logic, as explained by Commodore executive Ian Jennings (previously with Texas Instruments) lies in the decision on where to assemble. This depends on what is being assembled, and the U.K., Portugal and Italy are gradually becoming more attractive.

This started off in Singapore, about 18 months ago, as indication of the trend. It is now moving to Taiwan, Hong Kong, and is now starting to show in South Korea and Thailand—gradually to go up, especially on the important quality control aspect.

The question at issue is: at what stage do you test your product? The silicon chips that are cut out of the wafers have a story there, and plans are to do that ranges from as low as 10 per cent for complex in-diffusion there, too.

shift

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At the same time, while the calculator market is too much of an outlet, tends to indicate like wishful thinking and there are too many lines on the face of the trend. They are keen nevertheless to the new attitude to education as a first glimpse of any new typified by some recent remarks by the Prime Minister. This may well in the next year or so bring back the "Three Rs" as the basic tenet of the educationists.

No study of calculator life has been made in Britain. In the U.S., the figure is somewhere between four and five years. And if it is true that two out of three households in Britain have access to a calculator it may be that saturation is not far away. And those who use them frequently will find the 4/5 year life hard to believe. Major manufacturers challenged on this point assert that the figure is reasonable and borne out in practice.

There remains, then, impulse buying, and the activities of a sector of the user community called the "Calcoholics" who are prepared to spend a great deal on new offerings as they are released by the makers, in practice.

One aspect of the industry few manufacturers are prepared to discuss is the question of market saturation. It is all very well to say that by 1980 what must be one of the more expensive hobbies practised by schoolchild will have a to-day.

But assembly? "It's all market coming for more sophisticated machines. Not necessarily the big specialist market freight," said the executive. "The European market isn't big enough for us to justify assembly here."

Part of the reason is that National is already established in the Far East, and has recruited its staff and, despite recent

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Speculation

And even now the company is plagued by constant reports, speculation, and much publicised Wall Street advice, suggesting that it should, and will, pull out of calculators.

But it seems more likely that it is just changing its stance. One reason it cannot change its stance, too positively and publicly (and therefore reassuringly) is that the company is waiting to see how the market changes—whether it is still climbing, or whether there are other areas for growth and the basic calculator market is now just at maintenance level sales.

An executive in Bedford cautiously indicated that "it looks as if Europe is getting cheaper—we are thinking of doing diffusion nearer Europe—in two or three years."

The company already does some industrial diffusion in Greenock, Scotland, on a hill looking down on the IBM factory. The wafers have a story there, and plans are to do that ranges from as low as 10 per cent for complex in-diffusion there, too.

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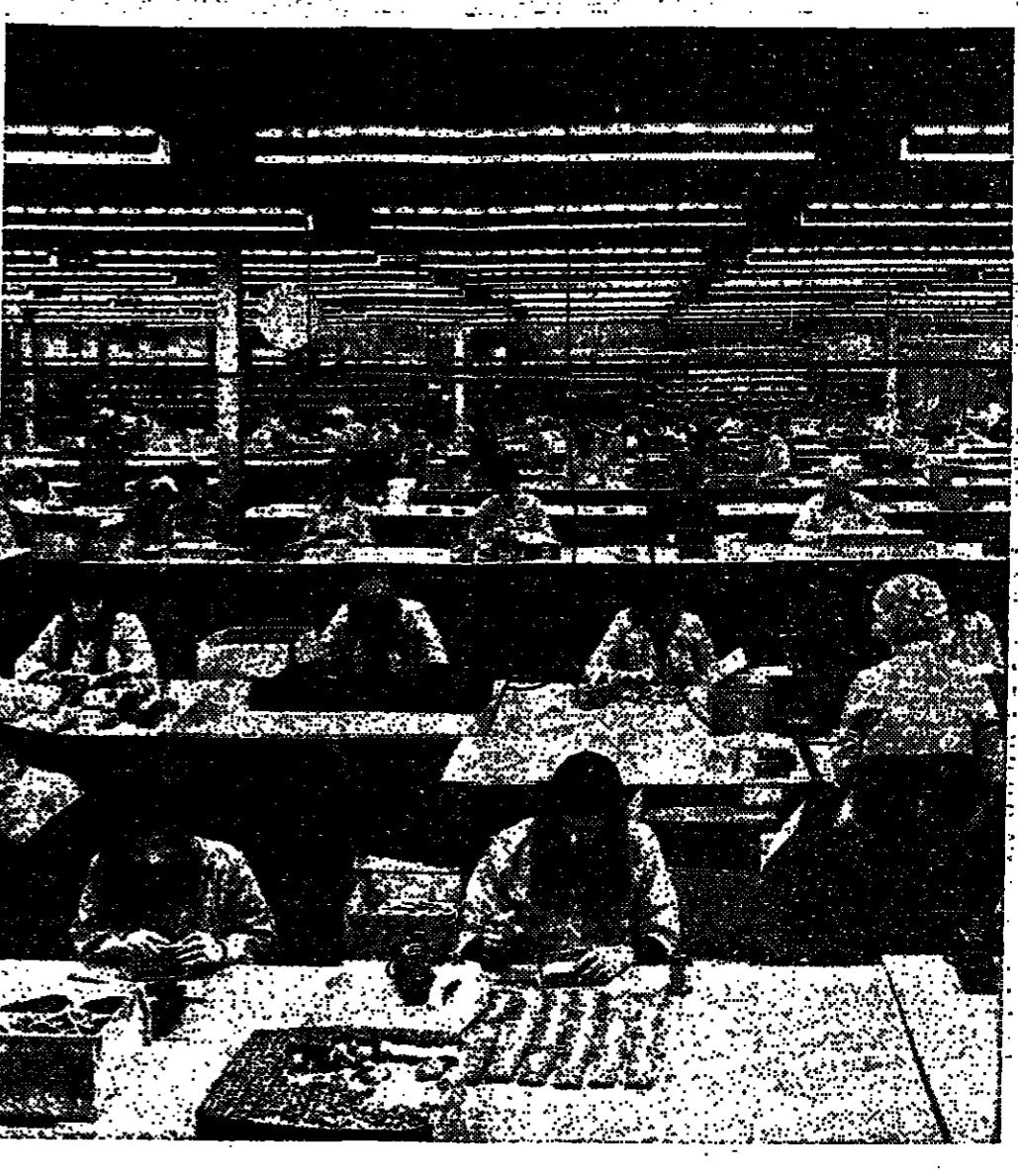
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Production at CBM in Eaglescliffe

Guy Kewney



People the world over count on Sharp

There are well over 10,000,000 people throughout the world who rely on Sharp calculators. Each one with their own individual and distinctive features. They are all different but they have one thing in common, they're Sharp. Sharp people know that quite simply everything is in the name. After all, Sharp were the people who started the industry, they were the innovators of the pocket calculator and responsible for introducing the world's first solid state electronic desk top calculator in 1964. Today the Sharp Company has grown into a multi-national corporation encompassing 138 countries, providing a vast range of electrical and electronic equipment that has become synonymous with quality and reliability.

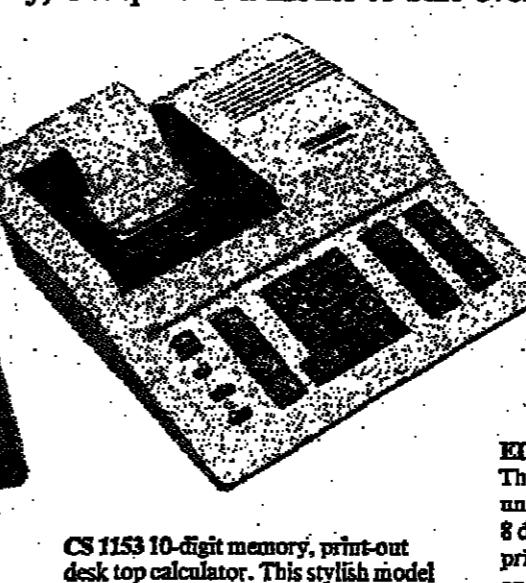
Don't sit and let the rest of the world go by, Sharp have a model to suit every calculating need in the world.



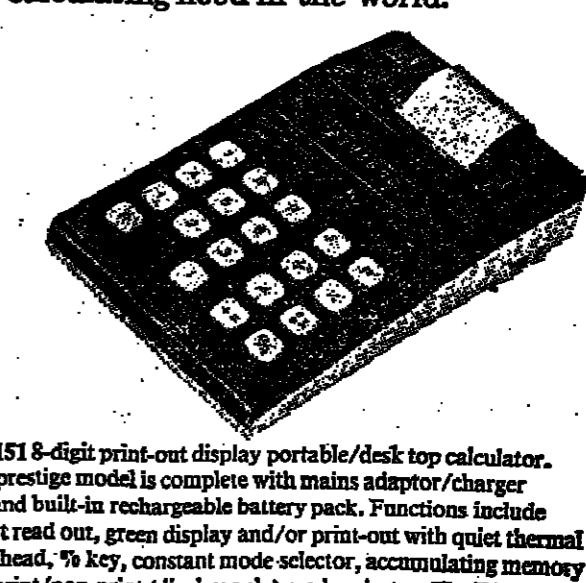
EL 8019 Unique and compact folding calculator—just like a lady's compact with 8 digit Liquid Crystal Display, %, square root, and memory. An amazing 150 hours operation from two tiny silver oxide batteries. RRP £27.73 + VAT



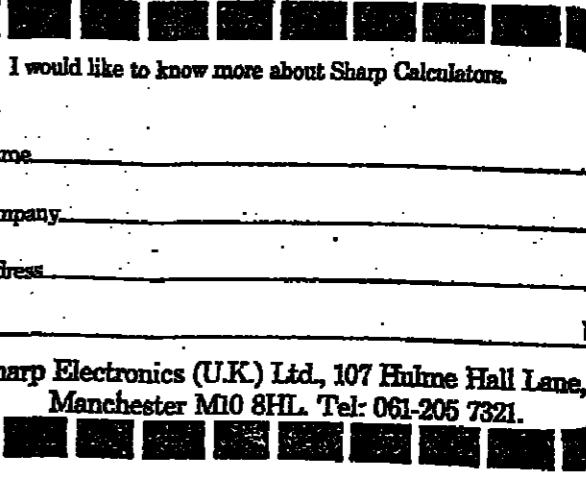
EL 200 8 digit Liquid Crystal Display Calculator with %, square root, and memory. An amazing 150 hours operation from a single battery. RRP £9.21 + VAT



CS 1153 10-digit memory, print-out desk top calculator. This stylish model incorporates % key, 3 key direct entry memory, constant/add mode selector, non add/sub total key, tabulator selector and round off/down selector. Total 13-digit print-out with negatives printed in red. RRP £59.00 + VAT



EL 8151 8-digit print-out display portable/desk top calculator. This prestige model is complete with mains adaptor/charger unit and built-in rechargeable battery pack. Functions include 8 digit read out, green display and/or print-out with quiet thermal print head, % key, constant mode selector, accumulating memory and print/non-print (display only) mode selector. The EL 8151 comes complete with carrying case and 5 paper rolls. RRP £79.00 + VAT



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It's the name that over 10,000,000 people count on

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CALCULATORS IV

New flexibility of desk-top machines

MANY ATTEMPTS have been made to go with the top of the world-wide and their appearance in the past five years or range calculators and this has gone hand in hand to define a computer, and a included disc and tape storage with great activity in the mini-computer/small business as well as printing facilities, many's minicomputer diversion machine. At a recent teach-in in Wang is also launching its where new products have succeeded each other at a very rapid pace over the past two years. That there is a cross-fertilisation of ideas and not only in the company's technology steering committee is possible to argue that the company is taking all the techniques learned in tight packaging for calculator production and combining them with certain features of minicomputers to produce a super-calculator.

Looking at just two of the new offerings in the desk-top category immediately proves this definition to be wrong, at least in part, since the Hewlett-Packard 9831A can drive a number of peripherals which individually perhaps could be much more sophisticated described as portable. But together — printer, plotter, additional memory and the calculator itself—the array certainly is just enough equipment to do involving or stock control.

Memory

The 9831A can also be expanded in memory to 32K and in basic form costs £5,500. It can, like a mini, be programmed in the Basic conversational language and operate small business computers—and it is built around a microprocessor with generous amount of having the ability to communicate with its predecessor in the distinction between it and a Series for the transfer of operating routines (programs).

For several years now, the Wang organisation has marketed a large array of per-

makers of calculators use this power to provide packaged solutions of day-to-day problems. This is the trend which is apparent in Olivetti's yet to be launched desk-top machine since a number of frequently used calculations, such as selling price from margin and purchase price at a touch of a button, are provided as standard, the instruction set being carried in a solid-state memory. It is also able to head columns in alpha though no lettering keys are provided.

The equipment in this category relies on a number of microprocessors to carry out various routines at high speed. Its successors, and the company's computer and electronic equipment, will certainly benefit from the appearance in H-P's development laboratories of a 16-bit parallel microprocessor made according to the silicon-on-sapphire technology the company has mastered in Europe, which can also function as the link to a large central installation. It is also well-known for its desk-top engineering computer lines.

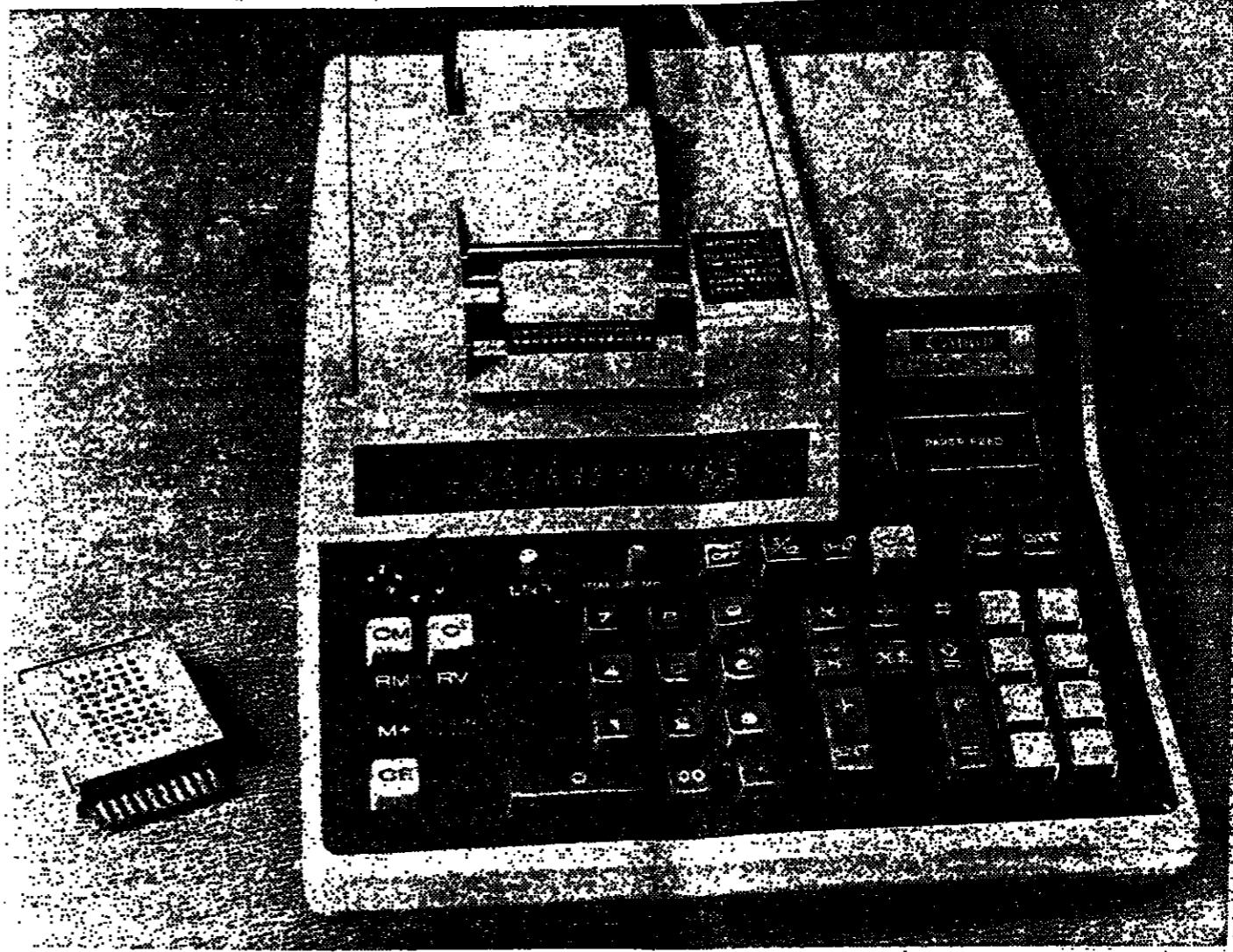
The development is not surprising since Olivetti has several years' experience of minicomputers and in its A-5 has one of the most successful office machines, so far built in Europe, which can also

achieved with the latter through standardisation of components, logic and operating mode are being passed on to the electronic calculator/printer and prices have been coming down steadily. For instance, Adler's 120P is not much more expensive than a mechanical adder, but has the additional facilities of multiplication and division.

These machines, having a very different function to per-

sonal computers, have more raw computing power which went both printer and display.

An interesting facet of this



The Canon SV10 desk calculator.

sector of the market is the consideration that many add-listers were sold in Britain to cope with the problems of decimalisation of the currency and will be coming up for replacement over the next few years.

Because of the impact of VAT and growing pressure on every-

one in business and industry for more statistics, either from the civil servants or within their own organisations, there will undoubtedly be a trend to take advantage of the many things the new desk-top machines can offer. Many of the lower-cost

hand-held calculators will do machines so heavily that within a few years, half the calculators sold will have a print-out.

This remains to be seen. But if the trend does go this way, it will have a marked influence on the method of print-out with sharp competition between electro-mechanical, thermal and thermal/electronic, the latter being made possible by a development at ASEA-HAFO, in which the thermal print head and the control circuit are integrated on a single ceramic wafer.

Ted Schoeters

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Designs for special users

PRICE WARS among calculator manufacturers have lowered the retail selling price of the simple four-function machine to under £5. Now it seems that manufacturers are engaged in the second round of this price battle with a cost per function competition which is producing ever more sophisticated machines that threaten to leave the average consumer out in the cold.

The problem for manufacturers and retailers is that to maintain an acceptable profit margin on the simple units, they must continue to raise volumes. To make money on a £5 unit requires a volume production of around 100,000 units per month, according to one leading manufacturer. It is far easier to add more functions and sell at a higher retail price. Likewise, for the retailer, the profit margins on a £5 unit are small, and handling costs are the same as for higher priced more profitable units.

The answer has been to offer the consumer increased sophistication, at a slightly increased cost. Called "added value" by the manufacturers, this trend is now approaching the point at which the average buyer is unable to appreciate the capabilities of his purchase.

Leading manufacturer CRM agrees that the majority of purchasers do not have the numerical ability to take advantage of the functions now being offered on many low-cost calculators. "But the consumer does not pay much for the increase in sophistication," the company suggests.

An opposing view comes from Casio, which vies with CBM for

the top slot in the U.K. market. Manufacturers can be tempted to introduce as many functions as keyboard space will allow, but they run the risk of course of confusing even the professional user. Surely some of these units must be above the heads of average users. The so-called pre-programmed units can include as many as 90 keys, as many children as in the recently introduced "navigator" from CBM.

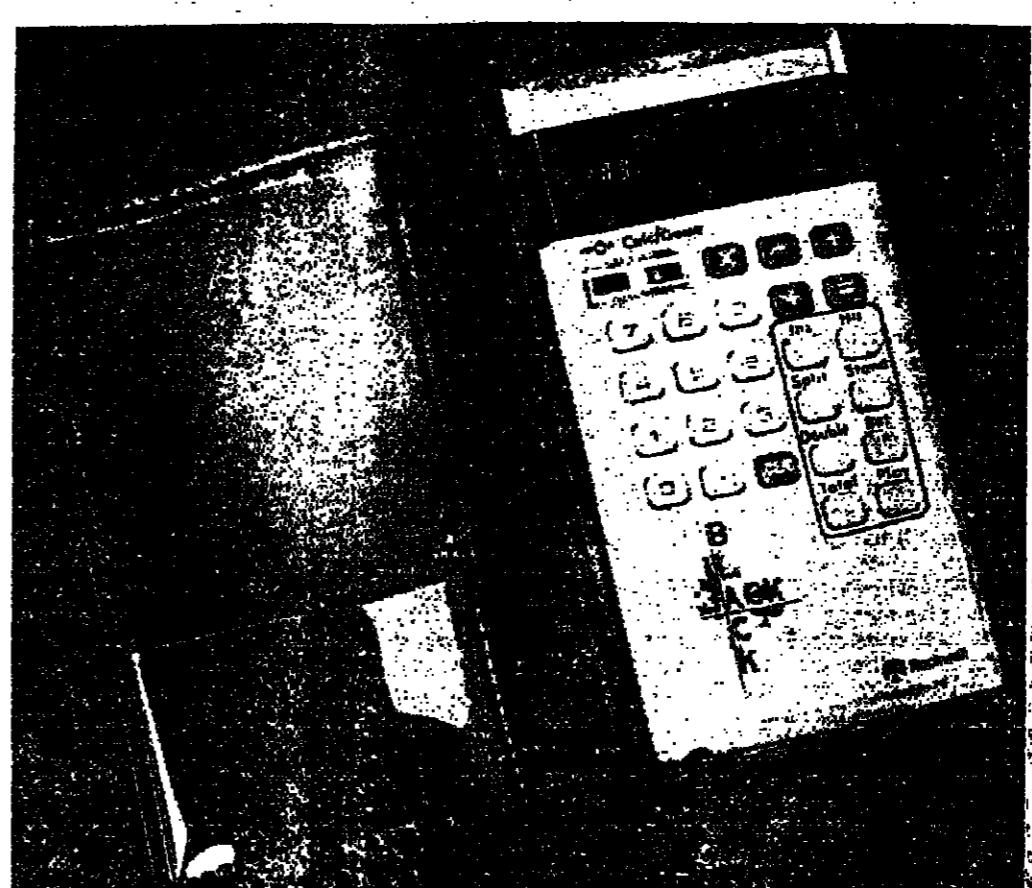
However, with retailers happy to point out the cost per function to prospective buyers, it seems that the manufacturers are unlikely to tire of concocting still more "useful" ready-solved equations to provide the user with instant answers.

A further level of sophistication is reached with the programmable calculator. Here the user is introduced to a new concept in pocket calculators.

A clear indication of the increased sophistication of low-cost calculators is shown by the last week's introduction of a mass-market programmable calculator by Britain's Sinclair. This part of their work under £20 brings programming power within the price range of the average user. But will the user be able to make use of the capabilities of this machine?

This is largely dependent upon the quality of the instruction manual provided by the manufacturer, and many wo

CONTINUED ON NEXT PAGE



A pocket size Rockwell machine which converts from an ordinary slimline calculator into one that plays blackjack.

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960 This model is the best value in programmables for scientific calculations. It combines the versatility of a print and display calculator, the convenience of magnetic card program and data storage, together with the power of a Natural Algebraic Language which recognizes parenthetical implied multiplication. It also recognizes mathematical hierarchy and equation entry syntax-two features unique to Rockwell in a machine of this size and price.

Up to 1000 program steps are available with a full set of logical decisions and editing facilities.

Indirect Data and Program address is available in addition to direct and label addressing.

350 This compact desk calculator with large green display is designed to handle complex calculations with ease. It performs log and trig functions, coordinate conversions and parenthetical operations.

With comma punctuation, memory, and exponent capabilities for working in scientific notation, this is the calculator for scientists and engineers.

For statisticians there is the Rockwell 330 with two memories and automatic summation of data (Σx , Σx^2 , n).

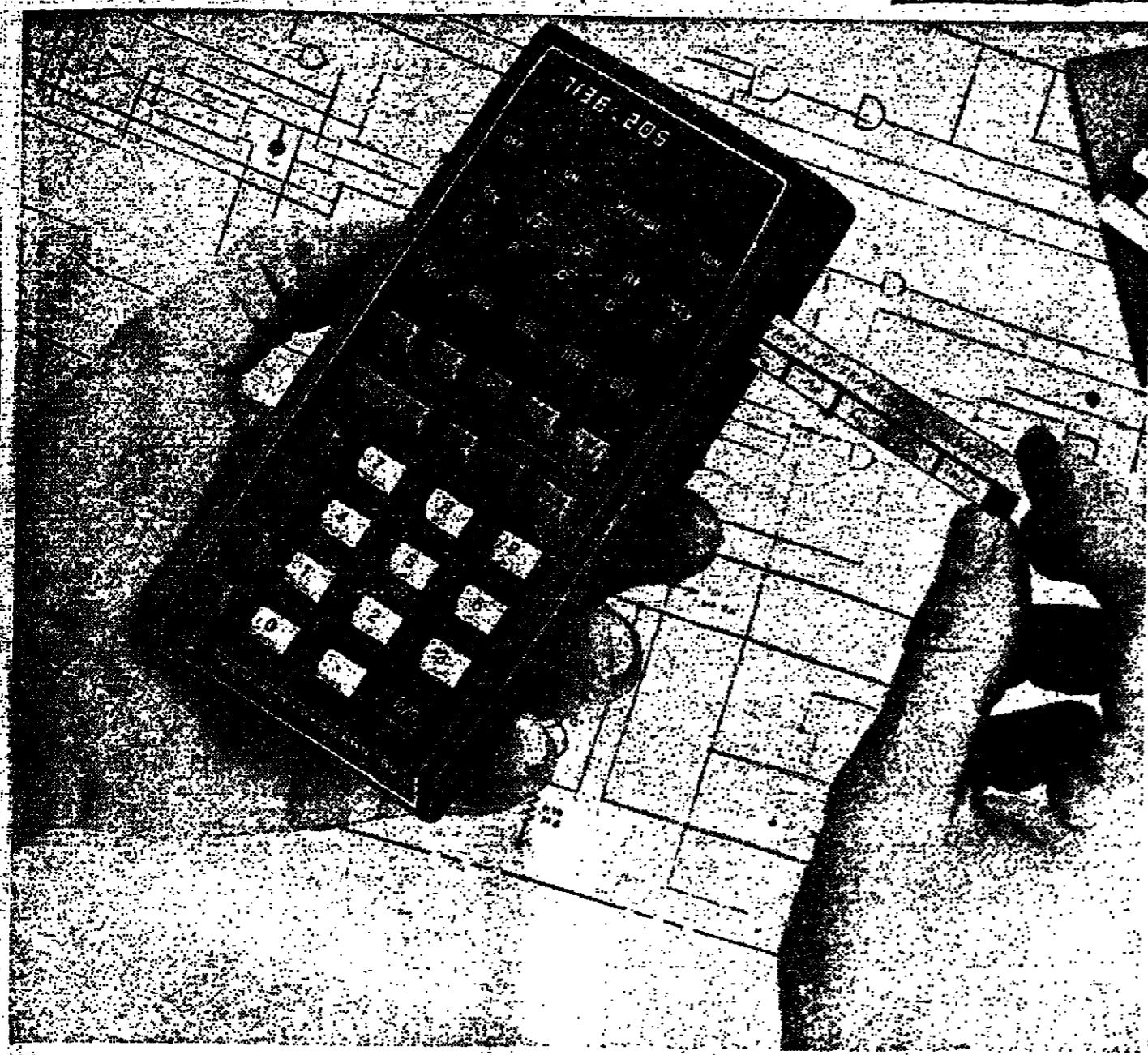
640 The advanced scientific handheld calculator with 12 position easy-to-read large green display. Three key memory, 8+2 scientific notation, log, trig, exponential functions, parentheses. Trig functions in degrees, radians or grads and polar coordinate conversion.

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...where science gets down to business

CALCULATORS V

JULY 1977



The Hewlett-Packard HP65 calculator.

Use in schools still under discussion

for
users

Ted Schoeters

IWOULD BE too easy to take an extreme view of the great majority of students concerned, the slide rule is moribund. I assert that calculators should be banned completely until children have learned how to use basic mathematical tools. Many people are, in fact, taking just this view, to some degree understandably, as a result of the educational turmoil in all too many schools in the aftermath of organisational changes and the move to metrication. Very many children and young adolescents appear totally unable to do the simplest mental arithmetic and the old tables, crammed into their parents' heads by the hour, seem to be total dead letter.

Certainly cost calculations involving tons, hundredweights and quarters at pounds, shillings and pence per cwt exercised the computing area of the human brain required to do them in pre-metrication days, and while much of the work was pure mechanical drudgery, this is no answer to the proposition that no child can dispense with a modicum of formal basic learning of important techniques. It does not matter that teaching staff find this part of their work boring—it is at the same time essential.

Meanwhile, there is no formal position as regards calculator use taken by the Department of Education, or the LEA, though there have been a multiplicity of committees and many books have been written on the subject.

It seems that by 1978, a number of examining boards will be allowing calculators in A-level examinations, as well as in certain O-level papers. This is being decided on the lines that slide rules have been allowed in examinations for a

long time, while so far as the and intuitive calculation will chemistry. All the students preparing these examinations have been experienced by many concerned, the slide rule is — is quite wrong. It is equally wrong to use the argument that since so many children will go into jobs machine to a scientific one with where their whole environment is automated, including the options.

cash desks that many will be

operating, or the computer test. A-level Board allows the use of the control desks in any non-programmable cal-

manufacturing plants. It is a calculator from this year, while

better that they should learn underlining that their use is

to be undemanding yet com-

petent button-pushers at an early stage.

A great deal of argument and

some experimentation is going

on and there are teachers who

will claim and can prove, that

use of a calculator on exam

papers can actually slow down

the user.

However, it is certain that

with some degree of latitude

allowable for examinations

there will be growing pressure

on the secondary schools to

make the use of calculators as

part of the mathematical cur-

riculum. It will not go

unnoticed in Britain that the

Danish education authorities

and their Swedish counterparts

are discussing the purchase of

several tens of thousands of

calculators to be used in a wide-

scale school experiment. It is

laid on getting the correct yet not yet known how many

answer quickly when the truly machines will actually be

important thing is to ensure bought. There could be as many

as 30,000 or more.

The theory is understood as

and the formulas and proce-

dures can be manipulated cor-

rectly—whether the answer is with a long record of Oxbridge

successes, within two years

absolutely correct or wrong

because keys have been struck

in the wrong order will not

matter till the techniques in

question are actually being used

in earnest in an industrial situa-

tion where accuracy is essential.

Nineteen seventy-seven will

be the first year A-level can-

tinually exercising the brain's didates in maths and physics

natural ability for computation will use calculators, but not for

Designs

CONTINUED FROM PREVIOUS PAGE

up to the manufacturer to selling calculator in London's four-function calculator, but it does not find the young user the substitute the user. Users are week in a combination calculator. The child enters the unit problem along with what is selling for just under £30. The clock calculator is just the calculator then approves the latest packaging gimmick to hit the U.K. calculator market. "Gimmicks sell," say the retailers, though they admit that many are a nine-day wonder. However, this latest novelty is a real winner, they reckon.

Designs as a desk unit, the styling of its calculators Cassio "Computerised Quartz CQ1" is aimed squarely at the business executive, or the higher reliability and quality

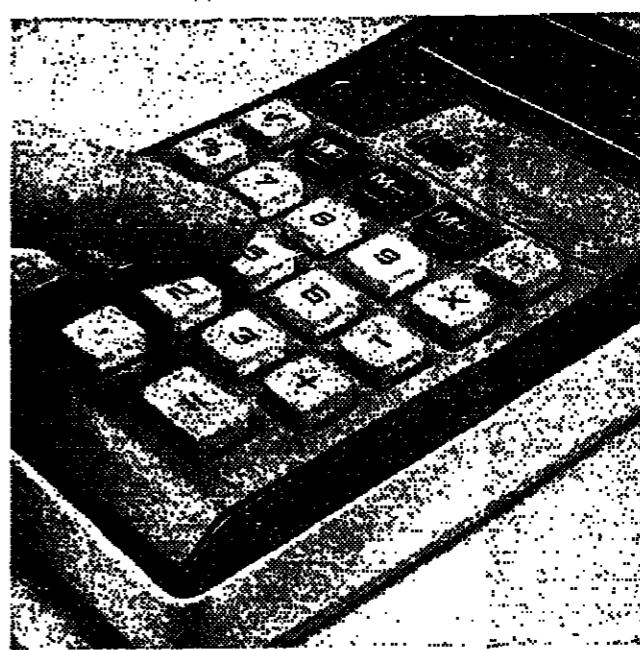
the lady buyer, would-be executive. And for one thing is clear, the average user is demanding a simple to medium units though there is still a wide range of simple to medium units though there are several male versions, CQ2 will offer four-way stop, unhappy about the number of those taking subjects where a great deal of calculation has to be done.

Another boom market is in sturdy case design. Price, below a certain limit, is now secondary to performance and come from the primary and secondary school markets.

Louise Kehoe

Ted Schoeters

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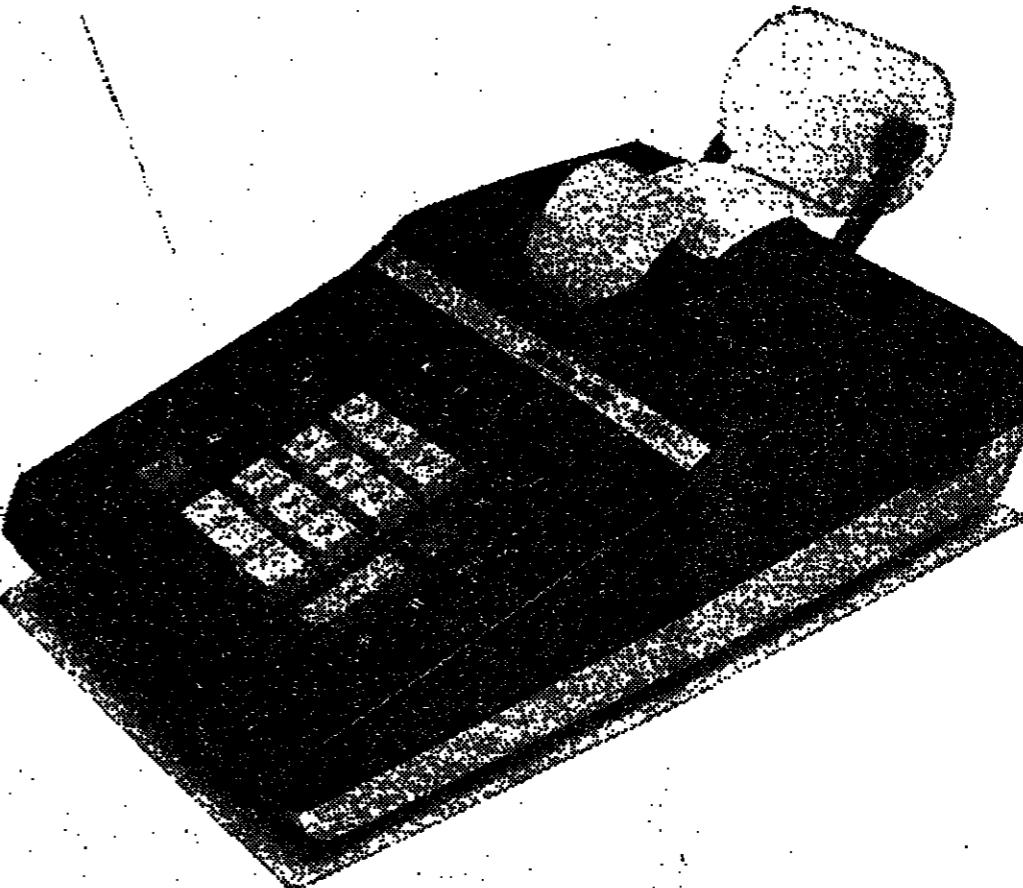
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FT29/4

PARLIAMENT and POLITICS

Government ready to fight Liberal petrol challenge

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT intends to autumn Budget, that also would be still conditional inadequate to the colossal problem by its decision to increase not be subject to an agreement on the Government reaching a terms of taxation and incentive

petrol duty by 5p a gallon between the Liberals and the satisfactory wages agreement which faced the country and left

although consideration will be given to granting some form of relief to motorists who suffer from the TUC. He recalled that major fiscal and policy issues

with the TUC. He said that the Chancellor had been Mr. Healey's state of extreme uncertainty.

Conservatives shared the Bank of England view that even if we were to halve the inflation rate from 16 per cent to 8 per cent, it would still be far too high as a starting point for inflation.

Mr. Barnett said the Government was aware that the petrol increase would have a marked impact on the rural motorists and those in urban areas such as shiftworkers and people dependent on their cars for work. In this instance, however, there had been little choice for the Government.

The Chancellor could not keep the promises given them about restraint. The aim must be to return to responsible collective bargaining — free bargaining framework."

Mrs. Barbara Castle (Lab., Blackburn) said that the Government had failed to announce, as was customary with the Budget, any increase in pensions. She insisted that it would be administratively impossible to carry through an increase in November if an announcement were not made within five days.

"Pensioners frankly believe they have been completely left out. They are owed more reassurance than they have so far had. Their anxiety is running very deep indeed," she said.

Mr. Geoffrey Howe, shadow Chancellor, when he called for clarification of the position reached between Ministers and the TUC.

Mr. Barnett emphasised that if the increase—which means 5p extra per gallon on the retail price—was to the motorist—is

defeated, then the lost revenue is likely to be raised by making increases elsewhere.

He was challenged by Mr. John Pardoe, Liberal economics spokesman, to deny categorically the suggestion by Mr. Denis Healey, Chancellor of the Exchequer, that if the petrol increase were defeated, it would mean that duty on beer would have to be raised. In reply, Mr. Barnett would not stipulate where the increase would have to fall.

Mr. Pardoe told the House that, in committee, the Liberals would move an amendment to end the increase in petrol duty by a specific date.

Mr. Howell, a Conservative Treasury spokesman, said his party would only force the amendment to a vote, he said, but whether or not this succeeded in defeating the proposal would depend on how the other Opposition parties voted.

"I think the Treasury got the petrol thing completely wrong," he declared. "I think the massive outcry about the sharp increase took them entirely by surprise."

Mr. Pardoe denied that there had been any deal between his party and the Government over which amendments the Liberals would support during the committee stage of the Finance Bill.

Pressed on this point by the Tories, he declared emphatically: "This Finance Bill and this Budget is without any agreement between the Liberal Party and the Government—full stop."

Mr. Nicholas Ridley (C., Cirencester and Tewkesbury) wanted to know if this meant that if there was a summer or

Government's demonstration of Chancellor, argued that for the moment at least, the Bill was wholly right, would be frightening.

Assurance on money supply limits

FURTHER ASSURANCES that its determination and ability to keep the growth in the money supply within the limits agreed with the IMF were given by Mr. Denzil Davies, Treasury Minister of State, in the Commons yesterday.

Mr. John Watkinson (Lab., West Gloucestershire) pointed out that the present rate of growth in the money supply was well below the target agreed with the IMF. The recession

with the target agreed with the IMF would be made worse.

With the substantial fall in interest rates, the Government hoped that bank lending to the private sector would increase, although it was still intended that the targets agreed with the IMF should be met.

The Government intended to keep the growth in the money supply within the agreed targets and to stay within the ceiling imposed on domestic credit expansion in the next phase of pay policy so that action could be taken to deal with the problem of differentials.

Mr. Watkinson said: "I am not sure I would necessarily go along with that proposition."

The Chief Secretary complained that some Tors-MPs were not fairly representing the views expressed by Mr. Jack Jones, and pointed out that the Transport and General Workers' leader had warned against a return to a wages scramble.

He also insisted that it would be wrong to seek expansion of the economy by steeping up home consumption. The way to expand the economy was to improve the nation's industrial performance, expand exports and make more progress with import substitution.

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The Management Page

Terry Dodsworth describes how a major U.K. motor components company faced up to a crisis and the steps it has taken towards making a recovery

Ferodo exports out of a slump

FRANK CARTER, chief executive of Ferodo, recalls the recent crisis in the British motor components industry with the clarity of someone who has suffered a very bad shock and still come through. November 1974 is the date imprinted on his mind. Until then, Ferodo had weathered the oil crisis despite its dependence on production of brake linings and other friction materials for the motor industry. But suddenly customers stopped ordering, making it clear at the same time they had little intention of getting in new supplies for several months.

The crash left Ferodo with little or no room for manoeuvre. Tied principally to the motor industry, strongly dependent on business in the UK, and with about 40 per cent of its sales in original equipment rather than replacement parts, it found itself with stock on its hands and an overhead structure which the lower volume could in no way support. The crisis was officially inaugurated at a special Board meeting called at seven o'clock one morning so that no-one had an excuse to be absent. "We recognised that we had got too fat."

Invention

The meeting must have been more than usually uncomfortable. Ferodo, resting comfortably in the midst of spectacular Peak Park scenery at Chapel-en-le-Frith, is not a company used to crisis. Its founder, Herbert Frood, gave it a marked technological lead in the early years of this century with its invention of resin-impregnated cotton—"superior to old rope" he used to tell the local antlers in his advertisements—lead which it has never really lost. An atmosphere of calm stability, reflected in the existence of the smooth bowling green which jostles alongside one of the main factory buildings, impregnates the headquarter buildings.

By the end of last year, these measures had helped to transform Ferodo's performance. Admittedly, the market has now come back. But that alone cannot explain a return on net assets up from four per cent in 1974, to eight per cent in 1975 and 17 per cent last year; or the improvement of sales from £26.5m. in 1975 to £33.6m. last year, and profits from £1.4m. to £3.5m.

In the short term the swinging redundancy programme which the company embarked on must have made the major impact on the figures. Some 700 declining performance which also provided the opportunity for a root and branch overhaul of the company's organisation. Twenty-three senior managers lost out in the process, as did employees at a



A range of Ferodo's products at the Tottenham depot, in London.

Leonard Burt

that the market would come back. Here was the opportunity to streamline ourselves and to start the pattern of rationalisation we needed."

Starting with this Board meeting a series of initiatives were launched to reduce the workforce, improve factory loading, step up co-ordination between manufacturing and marketing, and to rationalise the product range. At the same time further steps were taken towards product diversification and towards developing European sales—the two areas which have distinguished the most successful British component companies in the last decade.

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responsibility for the production side as well. "We now have an executive committee which sits down and looks at the market and production capacity at the same time. The psychological point is that you get a consensus before the event."

Good was also given responsibility for the extremely complex task of reducing the range of Ferodo's part numbers to more manageable proportions; and he also keeps an eye on the diversification activities. Ferodo is now into retarders, stair facings and industrial floor coverings. But the other significant organisational change was one pushed through by Turner and Newall, Ferodo's parent company.

This was designed to bring the group's overseas brake linings activities under the administrative control of Ferodo, which in the past had had only a technological link with them. The subsidiaries and associates in Italy, Spain, South Africa and India are now run through Chapel-en-le-Frith headquarters; these interests, along with the 10 per cent stake in Ferodo of France, one of the largest component companies on the continent, are rapidly producing a much more international outlook in the Derbyshire company.

This new organisation underlines an important change of emphasis in the company's marketing. It means that the crisis, thus supporting Ferodo's contention that better work organisation was central to the streamlining programme. "It was not so much a matter of working harder—people do work hard here—but of working more smoothly."

For the same reason the increasingly looking overseas, manufacturing and marketing and particularly to the Continent, were brought to the UK, to take up the slack caused by Monty Good, who had by the faltering British car years before becoming joint managing director, was given the kind

of working harder—people do work hard here—but of working more smoothly."

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Crossover
at Warrington

Few want union appointees on pension scheme boards

BY ERIC SHORT

TABLE 1: HOW DECISIONS SHOULD BE MADE

	Unionists %	Non- Unionists %	Pensioners %	Total %
By the company	11	25	25	18
By the company after discussion with members	39	56	43	45
Negotiation with trade unions	45	5	21	26
By Government	2	2	4	3

TABLE 2: TRADE UNION APPOINTMENT

	Unionists %	Non- Unionists %	Pensioners %	Total %
Extremely good idea	7	1	4	3
Very good idea	15	2	9	9
Fairly good idea	13	6	12	11
Fairly bad idea	18	11	13	15
Very bad idea	21	31	26	26
Extremely bad idea	18	44	29	27

THE GOVERNMENT's proposals for member participation in company pension schemes have generated considerable hostility within the pensions industry, as well as among employers and pension fund managers. They have also endangered the bipartisan political approach to pensions. Opposition has been concentrated not on the principle of participation, which everyone agrees is good and necessary, but on the Government's determination that the trade unions should have the sole right to appoint the members' representatives who would have 50 per cent of the seats on all pension scheme boards.

The drive into export markets will continue. In the last three years volume overseas has gone up by 57 per cent. Last year, export sales stood at £81m. of which 55 per cent went to Europe and 40 per cent to the EEC.

Superiority

Like other British component companies Ferodo believes that the overseas expansion can continue because it has technical superiority over many of its Continental rivals—a point which some people find difficult to comprehend from a sector so closely tied to the ailing U.K. car manufacturers, but one which the figures seem to bear out. In Ferodo's case at least, technical expertise is underpinned by a consistently sound research and development budget, running historically at about 2.5 per cent of sales, and the company has clearly stayed well up among the leaders in its technology. This has perhaps proved fortuitous since the CBI yesterday released details of a survey which show quite clearly that only a minority of people, both unionists and non-unionists, support the union appointees.

Good was also given responsibility for the extremely complex task of reducing the range of Ferodo's part numbers to more manageable proportions; and he also keeps an eye on the diversification activities. Ferodo is now into retarders, stair facings and industrial floor coverings. But the other significant organisational change was one pushed through by Turner and Newall, Ferodo's parent company.

This was designed to bring the group's overseas brake linings activities under the administrative control of Ferodo, which in the past had had only a technological link with them. The subsidiaries and associates in Italy, Spain, South Africa and India are now run through Chapel-en-le-Frith headquarters; these interests, along with the 10 per cent stake in Ferodo of France, one of the largest component companies on the continent, are rapidly producing a much more international outlook in the Derbyshire company.

This new organisation underlines an important change of emphasis in the company's marketing. It means that the crisis, thus supporting Ferodo's contention that better work organisation was central to the streamlining programme. "It was not so much a matter of working harder—people do work hard here—but of working more smoothly."

For the same reason the increasingly looking overseas, manufacturing and marketing and particularly to the Continent, were brought to the UK, to take up the slack caused by Monty Good, who had by the faltering British car years before becoming joint managing director, was given the kind

of working harder—people do work hard here—but of working more smoothly."

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POLITICS TO-DAY

BY DAVID WATT

Pros and cons of political summity

"NOTHING COULD be more sensible at a critical time and thought necessary to reserve some of the truths of a less issue of national honour or his own presence in Paris their pretensions of Soviet Russia, the able that incantations of this fatal than the habit (the at catapult them into unfamiliar something for the summit to obvious kind. Nicolson, writing prestige. But on the whole for stake-in the shape of the post-increasing and unpredictable kind have had a real effect in present fatal and pernicious surroundings liable to warp "agree" about Puerto Rico in the 1920s, did not make sufficient allowance for what has Waterloo the politicians and come off for a variety of commodity enabling politicians to contain habit) of personal contact their judgments. It will not be enabled President Ford and Dr. Kissinger to have a final interview between the statesmen of the possible in the time available national filing in front of the cial factor in the conduct of this pastime that the foreign in any but the most general American electors but produced secretaries of the nations "get terms and yet they are matters nothing at all."

Similarly, the Downing Street meeting will presumably endorse a new IMF agreement on exchange rate policies. It will likewise be attended by much cordial razzamatazz from which Mr. Callaghan, as the courtly host, and Mr. Carter, as the gracious chief guest, will expect to derive some political advantage. (Let us not forget the president's half-serious remark during the election campaign: "Whenever I run into problems with the Congress, I'm going to have to go abroad.")

But can we expect anything from the encounter other than a lot of private misunderstandings and public clichés? It is all very well to say, in the words of the Rambouillet communiqué: "We are confident that our present economic policies are compatible and complementary, and that recovery is under way," or "a co-operative relationship and improved understanding between the developing nations and the industrial world is fundamental to each," but, as the subsequent 18 months have shown, it is quite another thing to turn this unexceptionable consensus into practical progress. And in any case, do we need this kind of meeting to bring forth these bland mice?

The answer to this question is really the modern answer to the course, have everything their

not necessarily invalidate this critique. In retrospect, one can see that neither meeting did any positive harm, but in spite of all the ballyhoo at the time, neither achieved anything very solid either — or at any rate anything that could not have been achieved more easily by the normal means. Rambouillet endorsed the sale of gold by diplomacy. And it is "yes." We had been settled by the technicians already, and its full pose of propagating, in the first place of posturing, in the first threatened and occasionally on the Congress but he evidently believed that he could dramatically improve the situation, unemployment, the energy

and industrial world stand up and chant in unison, "we believe in open, democratic society, dedicated to individual liberty and social advancement; in interdependence and constructive dialogue; in steady economic growth; and in free trade for ever and ever, Amen." It will have some effect on their propensity to virtue thereafter. It will also commit their public opinion at home to virtue as well, and because the commitment was made in a palatable ritual form it will not raise immediate political reactions.

This sounds a childish exercise, perhaps, but it seems prob-

ably that the able that incantations of this kind have had a real effect in increasing and unpredictable kind have had a real effect in primary commodity enabling politicians to contain countries of a powerful public light of their own judgment wrong to come to Paris at all. Wilson's problem was bad enough 60 years ago to defeat them they agreed publicly, how amicably with others, in what is ever banal, and everything that evidently very high-powered they do and the very fact that dialogue, they conclude that they are meeting at all gives there is some offsetting advantage to them a chance individually and age for any national sacrifices collectively to convey something they may have to make in order dramatically to their own that virtue may flourish.

The question, of course, is whether any of the leaders will be in fact the trifles. It is go further than the rather passive exploitation of the opportunity implied here and have to avoid — on the wickedness, if the courage to use the dramatic occasion for a more direct confrontation of public opinion with the real issues. How many can we expect to tell the world from this platform about what must be done to limit the growth of expectations in the West, if the political and economic problems arising from the present distribution of global resources are not to engulf us all? Mr. Carter is trying in a way to do something of the kind and he will obviously use the summit to heighten the effect of his appeal. So far, the Europeans and the Japanese show little sign of seizing the same opportunity to spell out in genuinely clear terms, the implications of our predicament. The truth is that there is nothing wrong with communication between states or their leaders at present. The gap to day comes between the rulers and the governed who have the power to frustrate the best devised agreements of princes.

Philippe de Gaulle, *Le Monde diplomatique*, wrote, "Two great powers who want to establish good relations should never meet each other face to face."



Mr. Callaghan (centre), the courtly host, flanked by two gracious guests, Mr. Carter (left) and Herr Schmidt.

Normal means

A quick look at the previous two meetings in this series — the Rambouillet summit of November 1975 and the Puerto Rico summit of last June — does not necessarily invalidate this critique. In retrospect, one can see that neither meeting did any positive harm, but in spite of all the ballyhoo at the time, neither achieved anything very solid either — or at any rate anything that could not have been achieved more easily by the normal means. Rambouillet endorsed the sale of gold by diplomacy. And it is "yes." We had been settled by the technicians already, and its full pose of propagating, in the first place of posturing, in the first threatened and occasionally on the Congress but he evidently believed that he could dramatically improve the situation, unemployment, the energy

and industrial world stand up and chant in unison, "we believe in open, democratic society, dedicated to individual liberty and social advancement; in interdependence and constructive dialogue; in steady economic growth; and in free trade for ever and ever, Amen." It will have some effect on their propensity to virtue thereafter. It will also commit their public opinion at home to virtue as well, and because the commitment was made in a palatable ritual form it will not raise immediate political reactions.

This sounds a childish exercise, perhaps, but it seems prob-

Letters to the Editor

Benefit all the staff

From Mr. J. Harrington.

Sir.—In the debate on contracting-out of the State Pension Scheme the most ignored person has been the one who is primarily intended to benefit—the employee. If one's employees don't benefit from a course of action regarding the provision of their pensions then that course is wrong.

The argument for contracting-out does not stop at the cost to the employer of providing the pension scheme, it also covers the size of the benefits, the tax position of the employees and the cost to the employees. The bulk of employees change jobs at least once during their working lifetime. Although it is possible to transfer pension liabilities on changing jobs the facility is very rare and can safely be ignored in the private sector. If an employee in a contracted-out scheme changes jobs before he reaches 61 (and this is the lowest age; for people who are now 45 or over the age is over 60) the size of his pension—ever if he has been in a full 60th scheme than would have been provided if he had not been contracted-out.

Many employees do not pay tax. For these there is no "tax relief" benefit and if the scheme is going to cost them over 2½ per cent contributions at present then it is costing them more than their reduction in National Insurance contributions would be. In later years this 2½ per cent figure will drop. If an employer is introducing a contracting-out scheme with the intention of charging them 2½ per cent contributions or more then many employers will be worse off than if they had contracted-out. In doubt? If the machinery for collecting contributions and accounting for them could justify itself for contributions of less than 2 per cent.

So, in a year in which wage increases of 10 per cent are likely (and likely to be felt too small) the only way in which an employer can efficiently be confident that he is benefiting all his staff by contracting-out of the State scheme is to introduce a non-contributory scheme. In that way, even if the pensions of many of them do not turn out to be greater than what would have been provided if contracted-in, at least every employee will always benefit from the reduction in his NI contributions.

J. R. Harrington.

Flor 32, 24, John Islip Street, S.W.1.

Judgment of the market

From the Assistant General Manager (Pensions), Legal and General Assurance Society.

Sir—I am not clear what inference Mr. R. Sloan expects to be drawn from the Legal and General quotation figures which he included in his letter of April 26. He knows, of course, that the form of quotation used is that requested by employers acting in conjunction with their pension advisers, who include, for a large proportion of the Legal and General's business, the major fee-charging consultants. Thus the figures he is using represent the judgment of the market.

These figures indicate the main quotation requested. Many of the cases also included for own investigation is that the six comparison quotations on an integrated basis, since the Legal

and General is quite happy to clothe) are pathetic: if my car Subtracted the quantities already

operate a streamlined integration system. But employers have decided overwhelmingly against this option, as is shown by the latest figures for final decisions which we have received.

Contracting-out: 123 Living-on-top: 35 Integrated: 2

This experience appears to be general through the market.

Alan Firth.

Tennet Court, 11, Queen Victoria Street, E.C.4.

British and better

From Mr. H. Fletcher.

Sir.—Mr. Easton (April 25) has a point. There is, however, too much knocking by British "informed commentators" of British goods. As an engineer I try to evaluate my domestic purchases for reliability, quality and value for money. Invariably the outcome has been that I have chosen British goods. My

TV, transistor radio, car and Hi-Fi are all British manufactured.

I confirm my choice as

far as possible by observing the condition of older goods, which is easy in the case of cars.

Japanese cars of five years old

are not looking very clever, ex-

pected or stared at, the possi-

bility "F" is not "Hi". French of what would be ostensibly

domestic products (hardware and available for the market).

Forecasting sterling's trend

From the Chief Economist, James Cope and Co.

Sir.—Mr. Barnato's letter (April 22) on the application of inflation differentials in forecasting sterling's future trend is interestingly enough, the results constructive. Too often, key of my investigation (from com-

parative export price performance

to the economic scene.

A factor stressed repeatedly

is that there are grave dan-

gers in using this approach. This is because international purchas-

ing power surveys take into

account all goods and services

that constitute a country's GNP

and not just items that enter

into international trade. The

purchasing power parities emer-

ging from these surveys are by

no means measures of equi-

librium exchange rates and cannot

be relied upon as indicators of

overvaluation or under-valuation

for foreign trade analyses. This

applies particularly to the U.S.

dollar as U.S. foreign trade

accounts for a very small pro-

portion of the country's GNP.

In the light of the above, Mr.

Barnato's contention that pur-

chasing power surveys prove the

U.S. dollar to be 30 per cent

over-valued in relation to ster-

ling at end-1949 is misleading.

By their very nature, there is

no way that such surveys could

prove the U.S. dollar (of all the

major currencies) to be over-

valued or under-valued.

The problem here is that (unlike

statistics on retail and export

prices) data on the GNP deflator

is only available after a con-

siderable time-lag. This lessens

the practical use of the forecast-

ing exercise in the short and

medium term and prevents the

regular monitoring and updat-

ing of currency forecasts (based

on inflation differentials).

In realistic base date on which to

forecast the exchange rates of

seven major trading nations

and both retail and export prices

when concentrating solely on

the dollar in 1949 (which I do not

accept), the key factor in my ster-

ling and the U.S. dollar.

These figures indicate the main quotation requested. Many of the cases also included for own investigation is that the six comparison quotations on an integrated basis, since the Legal

French franc, Japanese yen, Dutch guilder and Swiss franc were realistically valued vis-à-vis each other after the major currency realignment in 1949.

Interestingly enough, the results are constructive. Too often, key of my investigation (from com-

parative export price performance

to the economic scene.

In this instance, a live economic leading currencies which are

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COMPANY NEWS + COMMENT

Geo. Wimpey advances to £44½m.

AN ADVANCE from £38.95m. to £44.48m. in group pre-tax profit is reported by George Wimpey and Co., the building and contracting concern, for 1976.

Work carried out showed an increase from £54.2m. to £65.8m., including £7.8m. (£5.4m.) as the attributable share of associates work.

Mr. R. B. Smith, chairman, points out that having regard to SSAP9, the basis of accounting for work carried out has been changed by including profits, where justified, on work in progress, and by providing for expected losses on contracts in progress.

Corresponding adjustments have been made to the work in progress valuations at December 31, 1974 and 1975, so that the revised 1975 results shown are on a comparable basis to those for 1974. The reported profit for 1975 was £5.49m.

The group continues to be faced with a decline in demand in some sectors of U.K. business and the consequential effects of keen competition, but house sales are remaining at a reasonable level and the level of work overseas is increasing, reports the chairman.

Earnings per 25p share are shown as being up from 7.4p to 7.8p and the dividend is raised by the permitted maximum—from 0.53425p to 0.60068p.

Operating profit 1976 £30.6m. 1975 £26.9m.
Net interest receivable 1,454 1,068
Share of associates 1,411 1,011
Profit before tax 46,411 34,745
Taxation 28,113 20,113
Net profit 18,300 14,744
Minorities 6,691 5,229
Attributable 19,444 15,931
Extra-ord. debt 1,351 1,419
Retained 17,883 16,229

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hit by the recession. Sales of local authority housing were down by almost a third but unit sales of private houses were maintained at 1975 levels. Overall at present basic tax rate is equivalent to 0.81p net.

Capital expenditure during the year was at a record level of £20.42m. and revaluation of the company's properties shows a surplus of £0.43m. over book values.

A new warehouse was recently completed at Stockport while the expansion of the Azo Pigment plant and the construction of a greatly enlarged effluent treatment plant is well under way.

Explaining the reasons for the rights issues, the directors say that in the current year the company plans to invest substantially more than it did in 1976 in new projects, the majority of which have already been authorised and are in progress. Capital needs have increased considerably particularly as a result of the rise in raw material prices which has far exceeded inflation.

A jump in sales by 65 per cent to £3.6m. boosted pre-tax profit for chemical colours manufacturers Burrell and Co. from a depressed £68.917 to a record £9.91m. Export sales were double at £3.2m.

Trading in the current year has been satisfactory with significant increases in first quarter sales, the directors state, in announcing a one-for-five rights issue at 9p per share.

Stated earnings per 5p share were 2.04p (0.12p) and the net dividend is lifted to a maximum permitted 0.66p (0.6p) with a final of 0.36p.

The rights announcement is accompanied by a forecast of a

14p gross dividend total for 1977 for which Treasury approval has been obtained. This would represent a 37.8 per cent. increase and the level of work overseas is increasing, reports the chairman.

Earnings per 25p share are shown as being up from 7.4p to 7.8p and the dividend is raised by the permitted maximum—from 0.53425p to 0.60068p.

Burrell recovers rights

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the 1975 doldrums to a level 25 per cent. above the previous record in 1973. Demand has since flattened out again but volume is still running within 10 per cent. of 1973 levels and the company is in a position to expand capacity as a result of the £650,000 spent on plant in the past two years. Burrell has taken the opportunity to make a rights issue and to forecast a 38 per cent. rise in this year's dividend which will lift the yield from 8 per cent. at 13p to 11.4 per cent. ex-rights. The proceeds are earmarked for financing the coming increases in working capital this year (1976 increases were met from cash flow) and for the £700,000 capital expenditure programme. It will also provide a wider equity base to support any gearing up needed as the company looks for acquisitions to broaden its trading base.

Increase at P.C. Henderson

AFTER AN advance at halfway from £234,000 to £257,000, the headway of 7.5 per cent. is disclosed by Steel Brothers Holdings, engaged in construction, foodstuffs and manufacturing. A rights issue of one-for-three at 22p per share to raise £2.83m. is proposed.

Excluding extraordinary debits of £0.29m., stated earnings per 50p share are £8.26p, fully diluted to allow for preference share conversions and shares pertaining to two executive share schemes.

Since trading profits and operating assets are almost exclusively overseas, the company is exempt from dividend restrictions and the total is stepped up to 2.14p to 10p net with a final of 6.28p.

The directors say that the satisfactory performance was due largely to the continued concentration on overhead control in the U.K. coupled with substantial sales growth overseas.

When announcing first-half profit up from £1.03m. to £1.4m. the directors said they expected a considerable improvement at year-end.

They report now that a satisfactory start has been made to 1977.

Trading profit includes a profit on disposal of fixed assets of £10.19m. (£2.6m. net) and a surplus of £1.2m. (£0.3m. net).

The profit margin following the 1960s valuation review was 8.1 per cent. and on a comparable basis to 1975-76, 7.8 per cent. against 8.2 per cent.

Stated earnings per 10p share on the basic change are shown as 13p, and on a basis comparable to 1975-76, 12.4p, against 11.2p.

The dividend is lifted to 3.8p (3.54p) with a final of 2.5p net, the maximum allowed. An additional dividend may be paid if respect of closing down costs at Killysh Australia and a profit of

14p gross dividend total for 1977 for which Treasury approval has been obtained. This would represent a 37.8 per cent. increase and the level of work overseas is increasing, reports the chairman.

Earnings per 25p share are shown as being up from 7.4p to 7.8p and the dividend is raised by the permitted maximum—from 0.53425p to 0.60068p.

DIVIDENDS ANNOUNCED

Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglo Scottish Inv. ... int.	July 1	0.61	—	1.5
Auto'd. Security (Hldgs.)	2.23	2.07	3.14	2.85
Border Breweries	0.8	N21	1.5	0.4
Boustead	—	—	—	1.6
British Assets	0.9	NH	0.46	0.42
British Vending	0.36	—	0.66	0.71
Burrell	2	—	—	5.2
Common Brothers ... int.	—	2.0	3.3	3.0
Firmin & Sons	2.2	5.15	7.31	6.85
Gerrard National	4.82	—	7.08	—
Haden Carrier	5.05	—	1.47	1.39
Hambleton	0.97	—	—	0.57
Helene of London	0.61	—	0.61	0.57
H. C. Henderson	2.5	—	3.9	3.55
Howden Group ... int.	0.93	—	—	1.28*
Lead Industries	3.26	—	5.50	5.08
Levi & W. Macmillan	Nil	—	0.5	1.2
Marks and Spencer	2.48	—	3.8	3.45
McKinsey Brothers ... int.	1.5	—	—	1.6
Minet	1.42	—	3.73	3.28
Office Electronics Machines	2.5	July 4	3.65	3.22
Peak Investments	0.5	July 27	0.5	0.55
Safeguard	1.0	June 17	1.0	—
Shiloh Spinners	0.89	June 10	1.64	1.64
S. Simpson	1.31	July 1	1.31	—
Steel Brothers	5.28	July 22	10.0	8.14
Vickers	5.29	July 4	8.78	7.99
Wimpey	0.61	June 14	0.61	0.55
Dividends shown per share net except where otherwise stated.				
* Equivalent after allowing for scrip issue.				
Dividends increased by rights and/or acquisition issues.				
† Maximum permitted paid at interim.				

Dividends shown per share net except where otherwise stated.

* Equivalent after allowing for scrip issue.

† Maximum permitted paid at interim.

LIG up £7m.—Imetal to increase stake

PRE-TAX profits of Lead as a long-term investment but before tax of £13.65m. to £20.55m. after its holding beyond the 25 per cent. improved by 15.2 per cent. in the second half of 1977 to end the year at £10.12m.

It is also announced that Imetal, a French company with interests in the non-ferrous metal field, which owned 15.1 per cent. of the company's ordinary capital in January, is subscribing for new Ordinary shares to bring its holding up to 25 per cent.

Earnings per 50p share were up to 25.45p (17.4p), and the dividend is stepped up to 5.50p (3.0p) with a net gain of 3.25p.

The directors say that in the current year, the costs of many raw materials and services have increased after deducting the group's proportionate share of the company's holding.

It is proposed to issue to Imetal of £4,801,223 Ordinary 50p shares at a price of 180p per share, compared with a market value of 155p per share on April 27, 1977, the date on which the subscription price was agreed.

The new issue will give total proceeds of around £2.64m. LIG will receive the subscription monies from Imetal, external sterling which, with consent of the Bank of England, will be converted into foreign currency and held outside the U.K. and used to consolidate and develop the overseas activities of the group.

LIG expects to continue its high level of investment in the U.K. and the issue will help the financing of this by freeing resources that might otherwise be required overseas.

CC

As an integral part of this issue it is intended, subject to unforeseen circumstances, to fully work out to be paid and earnings per 25p share to increase the rate of dividends for 1978 on the increased Ordinary shares to 1.73p net per share.

The necessary consents to the above proposals have been obtained from the U.K. and French authorities, but the issue is conditional on confirmation having been received from the Office of Fair Trading that it is not the intention of the State of New York to prohibit a reference to the Monopolies and Mergers Commission.

Imetal has declared that it intends to hold the new shares as a forfait (a formality only).

Setback at Haden Carrier

Substantial losses by two overseas subsidiaries were largely responsible for taxable profit falling from £2.76m. in 1976 to £2.51m. in 1977. This paved the way for a maximum dividend increase, since on the old basis even a maintained dividend would have been uncovered.

At halfway, when profit was down from £10.83m. to £10.71m. the directors said they expected a considerable improvement at year-end.

They report now that a satisfactory start has been made to 1977.

Trading profit includes a profit on disposal of fixed assets of £131,806 (£33,000) and a surplus of £10,200.

The profit margin following the 1960s valuation review was 8.1 per cent. and on a comparable basis to 1975-76, 7.8 per cent. against 8.2 per cent.

Stated earnings per 10p share on the basic change are shown as 13

Reported figures for the year ended

31st December 1976 include:

	1976	1975
Turnover	£1,949	£1,088
Profit before Taxation	427	512
Profit after Taxation	214	274
Net Assets employed	2,300	2,562
Issued Capital	600	600
Per 20p Ordinary Share: Earnings	7.1p	8.9p
Dividends	2.87p	2.61p

At the Annual General Meeting being held in Burnley today, members of the Company will be invited to declare the maximum Final Ordinary Dividend permitted under present controls, 1.97p per share, payable 10th May 1977.

A wide range of footwear is manufactured and supplied to Marks & Spencer Limited and to leading wholesalers, multiple chains and mail order groups in the United Kingdom. In addition, sales for export increased in 1976 to £1,161,000, approximately 10% of total turnover. Exclusive distribution rights are held for GANNEX slippers.

The Chairman, Mr. C. L. Howarth, has reported continuing pressure on profit margins but is encouraged by the increase in the volume of sales in 1977 over the corresponding period of 1976 and the flow of orders coming in from customers.

LAMBERT HOWARTH GROUP LIMITED

BURNLEY & ROSENDALE, LANCASHIRE - ISLE OF MAN

Watmoughs (Holdings) Limited

Colour printers and publishers

Record results

for the year ended 31 December 1976

	1976	1975	Increase
Turnover	£6,853,828	£3,285,434	30%
Profit before tax	£560,616	£374,550	50%
Earnings per share	11.82p	7.88p	50%
Dividend per share	2.954p	2.686p	10%

Outlook We are now starting to obtain some benefit and reward from the substantial programme of investment of the past three years. We are confident that we shall see a further period of sustained growth.

Copies of the annual report and accounts for 1976 can be obtained from the Secretary, Watmoughs (Holdings) Limited, Idle, Bradford, West Yorkshire BD10 8NL

Gerrard & National DISCOUNT COMPANY LIMITED

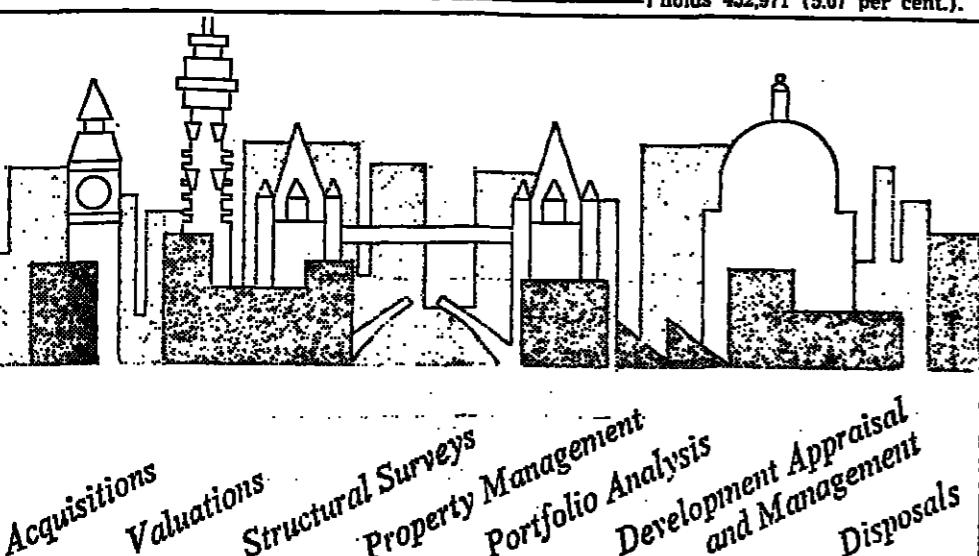
Preliminary Statement

April 28th, 1977

Accounting period	Year ended April 5th, 1977	Year ended April 5th, 1976
GROUP PROFIT after providing for taxation and a large transfer to inner reserves	£3,410,000	£2,897,000
PROPOSED FINAL DIVIDEND on each ordinary share of 25p	4.816p	5.151p
Already paid	2.5p	1.5p
Making a total of	7.316p	6.651p
Equivalent to	45.02% (gross)	40.93% (gross)
Amounts absorbed:		
i. By preference dividends paid	8.	8
ii. By ordinary dividends paid and proposed	1,095	995
iii. Increase in carry forward	2,307	1,894

TRANSFER TO GENERAL RESERVE £500,000 (1976, £500,000) has been transferred to General Reserve from the inner reserves which, after this transfer, now stand at a much higher figure than ever before.

The proposed dividend on the ordinary shares of 25p each which will be paid to shareholders on the register at the close of business on May 20th, 1977, is the maximum permitted under current legislation. A Resolution will be put to the Annual General Meeting which if passed will authorise the directors to pay a second final dividend in the event that the standard rate of tax is reduced from 35% to 33%.



Professionalism and commercial flair in the property investment market

Institutions have maintained a continuing belief in the property market and are investing substantial funds in first class shop, office and industrial properties. They in turn seek independent professional advice.

Michael Laurie & Partners advise a wide range of banks, insurance companies, pension funds and other financial institutions. We pride ourselves on finding the right property at the right price with the right yield for our clients portfolio.

We offer the size of operation to provide that real touch of personal service.

For professional property investment advice, contact
Stephen Laurie,
Michael Laurie & Partners,
8 St. James's Place, London SW1.
Telephone: 01-493 4371.

MICHAEL LAURIE & PARTNERS
The property professionals with the commercial flair

SHARE DISCLOSURES

More KIO holdings known

FURTHER SUBSTANTIAL holdings by Kuwait Investment Finance Company in British companies were revealed yesterday. KIO holds 265,500 (10.39 per cent), The River Plate and Energy 4,003,000 Ordinary shares of General Investment Trust 265,000 (6.03 per cent.), 10.39 per cent., and Energy 22,000 Ordinary shares in Finance and General Trust Dominion and General Trust 475,530 (18.5 per cent.), 18.5 per cent. Cumulative Preference shares. Mrs. R. M. Gieve is interested in 560 Ordinary shares 334 Preference shares and 3.500 "B" Preference shares (8.7 per cent.). Mr. R. M. Tipping is interested in 10,882 Preference shares (14.5 per cent.) and 4,750 "B" Preference shares (11.8 per cent.).

More details emerged yesterday under the new disclosure rules of the Prudential Group's stakes in other U.K. companies. The group holds 4,453,135 Ordinary shares of BSR (4 per cent.), 1,121,340 Ordinary shares in Lerasseur International (3.28 per cent.), 618,212 Ordinary shares in British Steels (5.51 per cent.) and 178,750 Ordinary shares in Peterborough Motors (6.28 per cent.).

R. Cartwright (Holdings): Since March 7, 1977, when the report and accounts disclosed the holdings of "Family and Trusts" of Mr. C. Northam at 230,529 shares, the holding was increased to 278,529 shares by the transfer of 48,490 shares from the estate of a deceased relative at nominal consideration and then subsequently reduced to 273,529 shares by the sale of 5,000 shares.

Watlings: Scottish Northern Investment Trust holds 375,000 Ordinary shares (3.34 per cent.). Ecom: John Brian Marshall, a director, has purchased 10,000 shares.

Aberdeen Construction Group: Kuwait Investment Office has an interest in £1,085,000 of the Ordinary capital.

Parker Knoll: Mrs. D. Parker holds 30,000 Ord. (5.3 per cent.). John Williams of Cardiff: Greenhill Investment Trust holds 350,000 Capital shares (9.61 per cent.).

Danus: Scottish Northern Investment Trust holds 450,000 Ordinary shares (6.43 per cent.).

James Finlay & Co.: Commercial Union holds 23,000 6 per cent. Cum. Pref. stock 5 per cent.

Pilkington Bros.: Mr. A. C. Galler, a director, bought 1,000 shares and Mr. T. M. Hearley bought 2,750 shares.

British Home Stores: Mr. A. L. Phillips sold 551 shares and Mr. A. B. D. Dore sold 88 shares, both are directors.

Joe's Investment Trust: The Moorside Trust holds 200,000 shares (5.45 per cent.) and 180,000 Ordinary shares (5.30 per cent.).

John Williams of Cardiff: Greenhill Investment Trust holds 350,000 Capital shares (9.61 per cent.).

James Finlay & Co.: Commercial Union holds 23,000 6 per cent. Cum. Pref. stock 5 per cent.

Prudential: The following directors have sold Ordinary shares: J. W. Naylor 11,083, W. Hutchinson 630, A. S. Watts 4,078.

Scottish American Investment Company: Eagle Star Life Fund holds £125,000 4 per cent. Preference stock (6.25 per cent.).

Eagle Star General Fund holds 37,500 10 per cent. Preference shares (5.35 per cent.).

The Atlanta, Baltimore and Chicago Regional Investment Trust: Cornhill Insurance Company holds 195,000 Ordinary (6.5 per cent.).

Church and Co.: ICFC and the TIC Pension Trust hold more than 5 per cent. of the Ordinary.

GR Group: Pearl Assurance Company holds 170,000 Ord. (3.6 per cent.).

Property Security Investment Trust: Royal Insurance holds 1,150,000 Ordinary (7.36 per cent.).

Keystone Investment Company: Mercury Securities holds 553,814 Ordinary (9.53 per cent.).

North Atlantic Securities Corporation: The Investment Trust Corporation holds 1,000,000 Ordinary shares (5.73 per cent.).

Marshalls Cavendish Preparations: Corporation holds 373,008 Ordinary (4.39 per cent.).

London and Provincial Trust: Scottish Widows Fund and Life Assurance Society holds 2,224,800 Ordinary shares.

United States Debenture Corporation: Eagle Star Group holds 100,000 5 1/2 per cent. Cumulative Preference stock and Aberdeen Trust beneficially holds 70,000 Ordinary shares.

Selincourt: Mr. L. P. Leighton, a director, has sold 111,110 Ordinary shares held by Pearl Assurance Co. beneficially.

The Dew and Co.: Mr. G. Dew has disposed of 32,000 Ordinary shares.

Berthold: Mr. P. L. Ross, a director, has disposed of 15,000 and Mrs. P. L. Ross has disposed of 5,000 Ordinary shares.

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General and Commercial Investment Trust: Royal Insurance holds 1,150,000 Ordinary (7.36 per cent.).

Keystone Investment Company: Mercury Securities holds 553,814 Ordinary (9.53 per cent.).

North Atlantic Securities Corporation: The Investment Trust Corporation holds 1,000,000 Ordinary shares (5.73 per cent.).

Refugee Assurance Co.: Mr. R. A. C. Vivian holds 50,910 Ordinary shares.

London and Provincial Trust: Scottish Widows Fund and Life Assurance Society holds 2,224,800 Ordinary shares.

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BAC behind Vickers £4m. increase

AN INCREASE of £3.2m. to further substantial improvement in the contribution from its profits was recorded by the associates, reflecting another excellent performance from British engineering activities in Australia, Brazil, Canada, and the U.K. engineering group, while Vickers to £38.3m. in 1976, compared with £34.5m. in 1975, also made valuable profit contributions, the chairman reports.

The results of the group's 50 per cent. interest in BAC, and of the shipbuilding activities, which are to be nationalised with effect from April 29 and July 1 respectively, have been included on the same basis as in previous years, pending completion of negotiations on compensation of £1.5m. says Lord Robens, the chairman.

Earnings per £1 share, are shown at 40.2p against 36.2p, and the net final dividend of 3.366p lifts the total by the maximum permitted from 7.879p to 8.869p.

The increased pre-tax profit was achieved despite the existence of spare capacity in some businesses, Lord Robens says. Apart from associates, a

for the lower results of Ronco Vickers. However, the reorganisation of the business, commenced in 1975 and continued last year, is now producing benefits and the group is well placed to take advantage of any recovery in demand for its products, members are told.

In contrast, Howson-Algraphy experienced good trading conditions and with improvements in production efficiency, assisted by the substantial capital investment in recent years, reported record trading profits, Lord Robens says.

He goes on to say that the results of Vickers Oceans have been adversely affected by reduced demand for marine specialised services due to unusually good weather conditions in the North Sea. The profits of the offshore engineering group were also diminished due to exceptional expenditure on innovation and the development of new techniques which should bring their rewards in the future.

An analysis of trading profit shows engineering at £1.5m. (44.1m.), Australia £2.4m. (53m.), Canada £2.6m. (53.4m.), shipbuilding £4.7m. (52.3m.), office equipment and supplies £2.3m. (23.8m.), lithographic plates and supplies £0.8m. (23.7m.), offshore engineering £0.1m. (21.8m.), and optical instruments £0.3m. (20.2m.), for a total of £27.5m. (23.5m.). After deduction of net internal interest of £0.3m. (20.1m.), trading profit emerged at £22.6m. (23.1m.).

Lord Robens states that it may be some time before nationalisation compensation is agreed. Ideal Developments says, considerable attention will continue to be given to the task of negotiating "fair" compensation for these involuntary investments.

Since early 1974, when nationalisation was first threatened, the company has been engaged in substantial capital reinvestment in the ongoing businesses, the chairman adds, and he believes the foundations are firmly laid for the future prosperity of Vickers.

A statement on compensation terms for BAC from the joint owners General Electric Company and Vickers discloses that BAC's sales in 1976 rose from £307m. to £351m., including exports of £270m. against £200m. Pre-tax profit was £10m. ahead at £40m. and orders in hand totalled £1.05bn. (2350m.), with an export content of 77 per cent. (72 per cent.).

Winn set for growth

MR. G. A. KYME, chairman of Winn Industries says that there are excellent growth prospects in the group from the further expansion of the major companies. He looks forward to the future with confidence.

"In the year ended 1976 group pre-tax profit expanded from £0.58m. to £1.14m. reflecting a very good trading year by most of the subsidiaries.

Compton Buildings has again produced excellent results. It is now well on the way to developing its site at Penny Compton with a view to erecting a factory to carry out its own structural steelwork in-house, and a regular market in France has been established for goods and services. A specialised printing department was also expanded during the year at this subsidiary.

This chairman says that he has no doubt that the group's inability to offset tax losses overseas against U.K. corporation tax and in 1976 such losses have materially affected the tax charge. To stem this the Italian operation has been disposed of and further moves have been made in respect of the other overseas activities on the Continent.

While divesting itself of certain activities the group has not neglected to take advantage of investment opportunities as they occur.

Meeting, Dorchester Hotel, W. May 16 at 11 a.m.

Copies of the 1977 Annual Report available after May 27th from Company Secretary, Silentnight Holdings Ltd., Silentnight House, Salterforth, Colne, Lancashire BB8 5UE.

McKechnie Brothers

INTERIM STATEMENT (unaudited) FOR THE HALF-YEAR ENDED 31st JANUARY 1977

	Half-year ended 31st January 1977	Year ended 31st January 1976
Sales	£'000	£'000
Profit before Taxation	71,163	45,418
Estimated Taxation	8,327	4,854
Earnings attributable to Holding Company	3,782	2,145
Earnings per Ordinary Share	3.208	1.826
Ordinary Dividend	1.50p	1.35p

NOTE—Metal Account

The depreciation attributable to the Group on metal stocks not covered by sales contracts, and not taken into account in this statement, amounts to £98,000 after taxation. Any adjustment required at 31st July 1977 will be dealt with as usual by transfer to or from stock reserve.

FROM THE CHAIRMAN'S REVIEW

The first half of this financial year has continued the recovery first noticed a year ago. Turnover and profits are well ahead of the corresponding figures and are also up on the half-year to July 1976. Part of the improvement is due to the inclusion of Ideal Casements (Reading) Limited for the first time.

We hope to maintain the levels of turnover, profits and earnings in the second half. The year would then show a satisfactory improvement on last year's results.

P.O. BOX 8, ALDRIDGE, WALSALL W55 5DS.

Anyone with £5,000 plus to invest deserves some very special treatment

Up to now, the medium-sized investor has had limited opportunity to benefit from active professional management in the fixed interest field.

Our own specialist expertise, for example, has been confined mainly to the large portfolios of such clients as banking institutions, superannuation funds, building societies, Lloyds underwriters and substantial private clients.

Now, however, we're making this professional management available to every investor with over £5,000 to invest, through two new schemes: the Capital Fund and the Income Fund.

The Capital Fund is the obvious choice for higher rate tax payers, since it will concentrate on maximum capital returns.

The Income Fund is of special interest to lower rate tax payers, as it will provide a high initial rate of return.

The schemes are not unit trusts and so have none of the tax disadvantages associated with a fixed interest unit trust. You actually own the securities yourself.

At the same time, in order to save costs on dealing and so that we can provide a high level

of constant management, all individual portfolios are managed as one large portfolio.

There is an initial charge of 1.5 per cent and an annual fee of 1.5 per cent subject to a minimum fee of £50 a year. (VAT is applicable).

The investment emphasis is on gilt-edged stocks which, under knowledgeable and flexible management, have provided some good investment opportunities over recent years.

However, the schemes allow scope for investment over the whole fixed-interest field including corporation stocks, treasury bills, local authority bonds, sterling certificates of deposit and corporate debentures.

For the private investor, this is an attractive, but highly complicated, investment area.

To succeed you need continuing access to information, the skill to make rapid and correct dealing decisions, and the ability to assess trends and feel impending interest rate changes.

No one is better placed to give your investment this very special treatment than Clive Investments, with its central position in the fixed-interest market and established reputation for successful performance.

For further information write or phone Michael Evans.

Fixed Interest Funds

THE INCOME FUND

Clive Investments Ltd

1 Royal Exchange Avenue, London EC3V 3LU. Telephone: 01-283 1101 or 01-283 2373

Gallaher ahead Minet 84% profit rise to £12.63m.

FIRST QUARTER 1977 sales of tobacco, cigarette, cigar and snuff manufacturers, Gallaher increased from £260.7m. to £288.8m. and net profit was up from £10.2m. to £13.8m.

For 1976 turnover was £113.8m. and profit £4.1m., a record.

The directors note that the first quarter sales rise of domestic tobacco products was affected by duty increases since March, 1976.

At the height of the property boom in 1973, Regional paid £9.5m.

for a site assembled by Mr.

Pineles known as St. Stephen's

Precinct in Knightsbridge, Lon-

don. It has not gained planning

permission for a commercial

development there and has

suffered heavy losses in writing

the property to its existing use

for the last 18 months.

Last month Regional stated that

in the light of information

which has recently been available

to the company, its solicitors

have already been instructed to

institute proceedings for the

recovery of damages suffered by

the company.

Pineles, it was clearly inappropriate for our clients to make any comment on matters the subject of imminent and current litigation. We would, however, simply state that Mr. Pineles' libel writ will be vigorously defended and that our clients have been firmly advised by leading counsel that it will

be upheld.

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MINING NEWS

A first quarter profit for Northgate Expln.

BY KENNETH MARSTON, MINING EDITOR

CANADA'S Northgate Exploration has had a good first quarter following the losses sustained in 1976. At the meeting in Toronto the president, Mr. Pat Hughes, said that preliminary results show a consolidated net income for the quarter of \$Can.863,000 (\$247,000), equal to 12.5 cents (16.5p) per share. There was a loss of \$Can.100,000 in the final quarter of 1976.

The turnaround stems from the company's Irish lead-zinc mining operations at Tynagh. Thanks to a 20 per cent increase in production coupled with higher prices for lead, there were mine operating profits last quarter of \$Can.1.8m. compared with a loss of \$Can.7.0m. in the same period of 1976.

Mr. Hughes pointed out that because of the normal variables in the grade and tonnage of ore treated in a specific period the quarter's result is not necessarily indicative of those for the rest of the year. He still expected a 1977 production of 55,000 tons of concentrates compared with 59,000 tons in 1976.

He confirmed that the start-up of operations at the Navan zinc-lead mine in County Meath will take place next month. When in full production it will be Europe's leading zinc-lead producer and will rank among the world's top six. Northgate holds approximately 10 per cent of Tara Exploration and Development which, in turn, owns 75 per cent of Navan. In London yesterday, Northgate were 350p and Tara were 114p.

Beralt hopes to pay more

THE BOARD of Beralt Tin and Wolfram, which is part of the Charles Consolidated group, is considering the payment of a further dividend this year. The dividend will come from the 1976 earnings of the Portuguese operating subsidiary.

For 1976 the Portuguese company declared a dividend of Escudos 52.7m. (\$792,000) compared with Escudos 50m. in 1975. The British parent's share is 80.55 per cent.

Beralt states: "the level of distribution will be dependent, inter alia, on the rate of exchange prevailing when the funds are transferred to the U.K. the sum was devolved in February 1977."

Earnings from the Portuguese company in 1976 produced a dividend of 50p and in 1974 a dividend of 40p.

Beralt's net earnings last year, after taking account of the interest of outside shareholders and extraordinary items, were 51.5m. and showed a sharp decline to the 20.5m. recorded in 1975. The shares were 45p yesterday.

RENISON TIN SCRIP ISSUE

The Tasmanian tin producer Renison, which is part of the Consolidated Gold Fields Australia group announces a one-for-one scrip issue.

BRISTOL-MYERS INTERNATIONAL FINANCE COMPANY

41% Guaranteed Debentures Due December 31, 1980

Adjustment of Conversion Price

Please take notice that, as a result of a two-for-one split of the Common Stock, par value \$1.00, of Bristol-Myers Company, the price at which the 41% Guaranteed Debentures due December 31, 1980 of Bristol-Myers International Finance Company may be converted into shares of the Common Stock par value \$1.00 per share of Bristol-Myers Company has been adjusted, effective April 28, 1977, from \$57.50 per share to \$28.75 per share.

BRISTOL-MYERS COMPANY
Guarantor

Common Bros. loss at halfway

FOR the eight-month period ended February 28, 1977, trading profit of Common Bros fell from \$83,000 to \$63,000. After heavier interest of \$375,000 (\$103,000) and other charges—there was a loss for the period of \$150,000 against a profit of \$14,000.

The directors, using conservative accounting, say that the first four months of the current year, except an improvement in trading profit, mainly attributable to increased earnings from the "Ro-Ro" vessels, but higher finance charges and other provisions will absorb the bulk of the improvement.

An unchanged net interim dividend of 50p share of 2p is announced, and the directors forecast a final net less than last year's 3.28p.

The directors add that one of the company's ships MV Caribbean Progress suffered a major breakdown in January and resultant loss of earnings and unrecoverable repair costs came to some \$2.5m.

The first two vessels for the subsidiary Gomba Shipping (Jersey) are due for delivery in June and July. Since February another company ship, NIM Nimos, has been sold, they say.

Long term facilities covering 2m. were arranged through bankers of which \$1m. was taken up to preserve an adequate margin of cash resources the directors are to sell additional tonnage as opportunity arises.

There were losses arising from the failure of Newfoundland Refining Company and a payment to the charterers of \$75,000 in the eight month period to February 28, 1976. Also for the same period, there was a surplus on the sale of ships of \$1.9m.

SALE TILNEY'S RIGHTS — 98.7% Sale: Tilney's one-for-three rights issue at 110p per share has been taken up to 98.67 per cent of the issue.

The 2,525 new Ordinary shares not taken up have been sold at a net premium of 32.21 per share over the issue price. The net premium will be distributed to the shareholders among whom such shares were provisionally allotted. Individual amounts of less than \$1 will not be distributed but will be retained for the benefit of the company.

SCOTTISH HERITABLE TRUST: Mr. P. E. Green beneficially holds 200,000 Ordinary shares (5 per cent) and Mr. C. R. Driver, a director, beneficially holds 722,000 shares.

SCOTTISH INVESTMENT COMPANY: Mr. R. A. P. King beneficially holds 480,000 Ordinary shares (5.62 per cent) and Mr. C. R. Driver, a director, beneficially holds 722,000 shares.

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SCOTTISH MUTUAL INSURANCE SOCIETY: holds 93,000 7 per cent Cumulative Preference shares (10.95 per cent).

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SCOTTISH MUTUAL INSURANCE SOCIETY

Labour on the defensive

THE SHADOW of the demoralising Labour defeat at the Stechford and Walsall North Parliamentary by-elections looms large over the campaign for control of England's second largest local authority, West Midlands Metropolitan Council.

Morale within the Labour group is low, even though it is only four years since Labour swept all before it to pick up 72 of the 104 seats on the council.

Councillors are on the defensive, stressing what they have achieved at the local level and trying to shrug off the unpopularity of Mr. Callaghan's Government at Westminster.

By contrast, the Conservatives are running a high-profile campaign, almost smacking their lips at the prospect of taking power and hacking away at the "giant empire" built up by the Socialists.

Cash controls, business efficiency and a cut in the official bureaucracy are predictable key issues. "Under Labour control, the Conservative campaign almost smacks their lips at the prospect of taking power and hacking away at the 'giant empire' built up by the Socialists.

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Indeed, in common with leaders of the other major parties, he believes reorganisation of local government has for too long gone by the board.

Mr. John Taylor, the successful Solihull candidate and Conservative leader, investigates against the backdrop of a local authority investigation into the county's financial planning council and the Conservative party.

But such traditional party patterning is almost wholesome against the lurking threat of the National Front. Following their success at Stechford in losing their deposit, but knocking the Liberals into fourth place, NF spokesmen are claiming they are now Britain's third party.

In a major propaganda gesture they are contesting 53 seats, 9 more than the Liberals. They are unlikely to win anywhere, and at best can hope to come a poor third behind Labour and Conservative. Of that much the pundits are convinced. The more disturbing consideration is the extent to which the NF represent a more fundamental disenchantment with the established political process.

Urban

To the frustration which might be caused by the inability of national governments of either party to improve the country's basic economic position can be added the peculiar problems of the West Midlands.

Much smaller than the economic planning region, the county authority nevertheless administers a predominantly urban area of approaching 1,000 square kilometres with a population of 2.75m. Stretching from Coven-

try in the south, through the rambling conurbation of Birmingham to the Black Country areas of Wolverhampton and

Walsall, the county has tried to pull together the aspirations of seven lower-tier district councils. This has been at a time when unemployment has climbed to its highest since the war and confidence has suffered a severe jolt with the collapse, in 1975, of the two motor car giants, Chrysler and British Leyland.

The area is only slowly moving out of recession. Against this background, the legacy of poor housing in inner city areas, the high influx of immigrant labour and consequent social tensions appear more severe.

Under Sir Stan Yapp, the Labour leader, the council has warned that on present regional policies it faces the threat of becoming a depressed area. The strategic planning function has been interpreted in its widest sense, with the council campaigning at national level for special treatment. "We have

felt we are more like an economic planning council and have provided a useful blueprint for what any regional body should do," Sir Stan explains.

Indeed, in common with

leaders of the other major

parties, he believes reorganisation of local government has for

too long gone by the board.

Whereas Sir Stan

advocates regional local authori-

ties with their councils assum-

ing responsibility for functions

like hospitals, the Conservatives

argue that the present struc-

ture has got to be made to work

efficiently.

The council's payroll, cur-

rently running at £62m, a year

could be reduced by 10 per cent. a year, he maintains.

Indeed, with an annual capital budget of more than £27m, and

revenue spending of £165m, the

metropolitan county is big busi-

ness. The Conservatives have

evoked controversy with their

pledge to "drastically reduce"

the £20m subsidy which goes to

the public transport and their

promise to "grasp warmly by

the throat". The council's

elaborate consumer protection

service.

But for all the councillors'

efforts to generate local issues

and breathe life into a very dull

campaign, apathy and boredom

are likely to be the victors.

The response from residents up

to two seats from an over-con-

fused Conservative organisa-

tion, which stands in the shadow

of only to see the wards revert to

the general trend of politics in

the U.K.

Junction, is all too typical. There are housing issues, an immigrant community, and a National Front candidate, but apparently little Liberals are the Lib-Lab, agree to arouse the emotions. Canvassers are greeted by grunts of fact that the party is only acknowledged, ingenious testing 44 of the 104 seats.

Confusion is rife about just what the grand sounding Metropolitan County does and what the latest round of elections is all about. Voting as always will be guided largely by national issues. The swing against Mr. Heath's Government, which gave the Labour party such a resounding victory in 1973, should be firmly in reverse and should be enough to clinch a narrow win for Mr. Taylor and his colleagues.

He refuses "on orders from the head office" to divulge how many members the party has in the West Midlands, but claims gathering support. Mrs. Joan Harrison, one of the Front's candidates in Coventry, where all the seats are being contested, says it is too early to get a doorstop reaction. "We usually wait till the last week of the campaign to do our canvassing." And would she have many helpers? "Oh just the two of us, one each side of the street. We are not like the Labour Party with all their workers you know."

Whatever of the two major parties turns out victorious on May 5, the longer term personal leadership of the council might still remain in doubt. There is a possibility that even if Labour holds control, Sir Stan Yapp may be defeated in his own constituency of Erdington. Though he is defending a majority of more than 2,000, this was turned round to give the Conservatives a lead of nearly 1,000 at the last district council election.

For Mr. John Taylor, an early general election could pose problems as his two principal opponents, Mr. Anthony Beaumont-Dark and Mr. David Glancy Bevan are both parliamentary candidates in marginal constituencies.

The West Midlands election, apart from the individual results and the overall balance of power, could offer valuable pointers to the general trend of politics in the U.K.

REGIONAL ELECTIONS

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26 APRIL 1977

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

JAPANESE COMPANIES

Bank help for Kanematsu

BY DOUGLAS RAMSEY

JAPAN'S number-eight trading present downturn in the steel company, Kanematsu-Gasho, has market, leaving Kanematsu with some relief from its main frozen loans to its subsidiary of DKB and smaller bankers are willing to cut their interest rates of accruing. The Bank of Tokyo infrastructure in the South and itself holds 15 per cent of "manpower problems".

According to the Nihon Keizai Shimbun, Kanematsu's debt, DKB about 10 per cent. Tokyo Nippon Bank, Tokai and others owed the rest.

Ajinomoto withdrawal

By Charles Smith

ONE or two other Japanese companies carried out much the same sort of investment in real estate before the oil crisis as did Kanematsu. Kanematsu's loans outstanding to real estate subsidiaries amounted to roughly Y40bn. at the end of March, and constitute the biggest single burden on textiles. In the company's favour, however, are the 50 per cent of sales off machinery, construction, foodstuffs and petrochemicals.

Although news of Kanematsu's troubles only surfaced to-day, the sources in the Tokyo Stock Exchange point out that there has been a noticeable drop in bankers, have agreed to reduce Kanematsu's share over the last seven days despite a constant increase in the number of shares traded daily, up from 1,000 shares at March 31 of Y37.3bn. a week ago to 30,000 shares traded yesterday, before taking Kanematsu to reduce its losses.

The company also suffered a large but undisclosed loss in the bankruptcy of Toyo Valve last year.

According to news reports, the Bank of Tokyo and DKB, Kanematsu's two biggest bankers, have agreed to reduce interest rates on repayments on their portion of Kanematsu's estimated total loans outstanding at March 31 of Y37.3bn. a week ago to 30,000 shares traded yesterday, before taking Kanematsu to reduce its losses.

The decline of Kanematsu's fortunes is all the more surprising in that most experts think

the company will turn in a better sales and profit performance for the fiscal year just ended than it did in fiscal 1975.

The main reason estimated is for sheet and round steel bars which are now reportedly selling overseas at 25 per cent loss of about Y17,000 per ton. Kanematsu has

a 49.8 per cent stake in the profits. Kanematsu showed in

unquoted company which is fiscal 1974, and most of the profits

capitalised at Y2.4bn. and come from gains of sales of securities, not operating revenue.

Whether Kanematsu will go for a major rehaul of the company is still unclear, and may depend on the extent to which

the company's departure leaves four other Japanese manufacturers in Italy. There are 100 per cent owned YKK zip fastener plant, and joint ventures involving Shiseido (Cosmetic) Sekisui (chemicals) and Kurits Kogyo (water purification equipment). Japanese manufacturing investments in Europe and the U.S. normally take the form of wholly-owned Japanese subsidiaries not of joint ventures with local partners. The success of these ventures, however, still accounted for about 30 per cent of total overseas sales, unchanged from previous years.

Consolidated net income in the same term went up by 36 per cent to Yen 17.1bn. Net income per share was Yen 17.10 up from Yen 12.57 a year before.

A spokesman for the Italian embassy in Tokyo said to-night that his Government had tried hard to attract Japanese investment.

It is presumed in Tokyo that most of the funds for Funabashi's

electric furnaces came from Kanematsu long before the

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WALL STREET + OVERSEAS MARKETS

+ FOREIGN EXCHANGES

BY OUR WALL STREET CORRESPONDENT

THE STOCK MARKET managed at \$3.54, up 0.12. Gold led losses lower at \$34.0. However, advances to maintain Wednesday's record of \$73.634 in a turnover of 18.37m. were narrowly ahead of declines. Momentum, but only a share compared with 20.35m. on Golds fell 1.1 to 1,004.4 and modest gain in quiet trading.

Some support came from the port and Stock indices all gained. The Utilities, Trans- port, and Stock indices all gained. The largest changes were up sharply during yesterday's session on Standard and Diamond. Aggregates were up sharply during yesterday's session on Standard and Diamond. The last two statement weeks. The key \$1 to \$37. International Harvester rose \$1 to \$33. NCR Corporation, which introduced its new computer systems, was up \$1 to \$33.

General Motors rose \$1 to \$38. The U.S. Government report of a 2.2 per cent rise in retail sales in the week ended April 22 was also seen as bullish. This advance reversed a decline of 0.9 per cent in the previous week and left sales 22 per cent ahead of the same week a year earlier.

The Federal Reserve Bank of New York reported after the close that basic money supply (M-1) fell

AMSTERDAM—Easier trend, partly reflecting the declining U.S. dollar.

Bankers, Insurances, Transportations and Dutch Industrials declined slightly.

Bonds also eased.

SWITZERLAND—Generally slightly higher in quiet activity.

The Swiss National Bank statement may have contributed to the better market sentiment.

In generally steady Banks, Len rose more markedly on its 3 per cent increase in its balance-sheet in the first quarter 1977.

Financials were narrowly mixed, while Industrials were mostly well-maintained.

Metals and Stores recorded the largest gains, with Marine dropping 6 per cent. Usines, and Ball Valloures 4 per cent, each, and Lafayette 3 per cent.

BSN shed 1 per cent, although it reported a return to profit in 1976, while Begain-Say dipped 4 per cent on a heavier loss for last year.

American stocks, Belgian, Dutch and German issues were steady to higher. Coppers were best, while Golds fell.

BRUSSELS—Mixed in more lively trading.

Public Authority Bonds moved up to DM100, either way, and the Regulating Authorities sold DM5.5m. nominal of stock.

Colleges were steady to firm, while Foreign Loans were mixed.

SPAIN—Little movement in leading Banks, Chemicals and Precision Instruments, with DM2.90, led by Siemens, Thyssen gained DM2.

Financials followed Producers, Coppers lost ground with Palamida 10 cents of at DM10.40. Platinums maintained earlier small gains while other Metals were mixed.

Colleges were weaker and Industrials drifted off in small

gains.

AUSTRALIA—Generally firmer.

Among Miners, Andimex gained 13 cents to \$A13.30. Peko

Walkland 10 cents to \$A20. CRA

2 cents to \$A23. Mount Isa 2 cents to \$A2.52 and Hamersley 3 cents to \$A2.82, but Queensland Mines lost 5 cents to \$A2.10 and Central Norseman declined 10 cents to \$A2.20.

BHP put up 3 cents to \$A6.35, and EZ Industries 5 cents to \$A2.20.

NOTES: Overseas prices shown below exclude a premium. Belgian dividends are FM100 denon. unless otherwise stated.

* Per FM100 denon. unless otherwise stated.

† Per FM100 denon. unless otherwise stated.

‡ Price at time of suspension.

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The Property Market

BY QUENTIN GUARDHAM

Discounting Land and House

Those looking to bids for small to medium quoted property groups, in relative health and perspective, when the venerable Land and House decided to change pace in 1972 by buying the 100p a share cash offer for Tomkin's private group and its Land and House Property Corporation. Most, however, would have bet that General Accident would be the bidder. Including its pension fund's holding, it has 15.44 per cent of the share capital. And despite its Rights Issue, General Accident has been thought to be contemplating a bid for one of its associated property groups. Not this one though, for it has been happy to take the 100p, against stated net assets of 165p, offered by 'Friends' Provident Life Office.

Land and House shares stood at 89p before their temporary suspension immediately before the bid was announced. Even so, there was some surprise at the price, as well as the bidder. It represents the sort of discount which makes a mockery of solemn asset value calculations, and striking the agreed bid at precisely 100p sounds very much like a horse-trading price rather than anything worked out with calculators. But then the stated assets had to be balanced against the high gearing, including too much short-term foreign borrowing, lessable furniture write-downs in Australia, a site in Frankfurt which has cost Land and House £2.2m. with no building consent or compensation yet, doubts about a Brussels project, and a U.K. portfolio which contains much that is less than prime. In any event the price has satisfied General Accident, Schroder Wag (called

in to give a view since both parties were Lazard clients) and the Land and House Board. The directors control 27.3 per cent of the shares, most of them belonging to Richard Tomkins, managing director.

To put the discount agreed by these in a cruel historic perspective, when the venerable Land and House decided to change pace in 1972 by buying the 100p a share cash offer for Tomkin's private group and its Land and House Property Corporation. Most, however, would have bet that General Accident would be the bidder. Including its pension fund's holding, it has 15.44 per cent of the share capital. And despite its Rights Issue, General Accident has been thought to be contemplating a bid for one of its associated property groups. Not this one though, for it has been happy to take the 100p, against stated net assets of 165p, offered by 'Friends' Provident Life Office.

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council required, and the Secretary of State's hypothesis was not therefore well-founded. Lord Russell of Killowen dissented.

Meanwhile, the Centre Point office tower continues to stand empty, having its single shapeworn tenant. But there are strong hopes that the new marketing campaign will produce some tenants for the majority owners, the Co-operative Insurance Society.

Mobbs objects to ED 18

Nigel Mobbs, chairman of Slough Estates, has used his first annual statement for a blast at Exposure Draft 18: "I am concerned that

the possible introduction of Current Cost Accounting as envisaged in ED 18 (the Morpeth Committee Report) will adversely affect the published profits of property companies. I believe that unless the present proposals are considerably modified, the change in accounting convention could be very misleading."

Camden Council's bid to compulsorily acquire maisonettes in the Centre Point and let them to special circumstances of property council tenants finally failed. Companies should be properly recognised.

The Law Lords revised an Appeal Court's decision and a fairly wide range.

Basically, by a 4-1 majority, at a time when companies are trying to make their accounts more understandable, CCA will introduce "terrible confusion."

Mobbs says his criticisms cover the order—The London Borough of Camden (Centre Point Residential Accommodation) Compulsory Purchase Order 1972—which had been confirmed by the Environment Secretary.

The Law Lords decided that the order is on the defensive because of a pretty tight, though not mortal, squeeze on liquidity.

There are plenty of other companies in a similar position. Many have management holding large chunks of equity and growing old with little to do but refinance, clean up the odd recent disaster and count the rent. Where there are also large insurance company holdings, an eventual bid must be likely and bid-spotters might do better looking at the age of the key shareholders rather than at asset values.

That formula, however, would not have worked for Land and House, since Tomkins is 50 and

he has a 25 per cent holding. But then the company had to be balanced against the high gearing, including too much short-term foreign borrowing, lessable furniture write-downs in Australia, a site in Frankfurt which has cost Land and House £2.2m. with no building consent or compensation yet, doubts about a Brussels project, and a U.K. portfolio which contains much that is less than prime. In any event the price has satisfied General Accident, Schroder Wag (called

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Camden loses Centre Point

CASE

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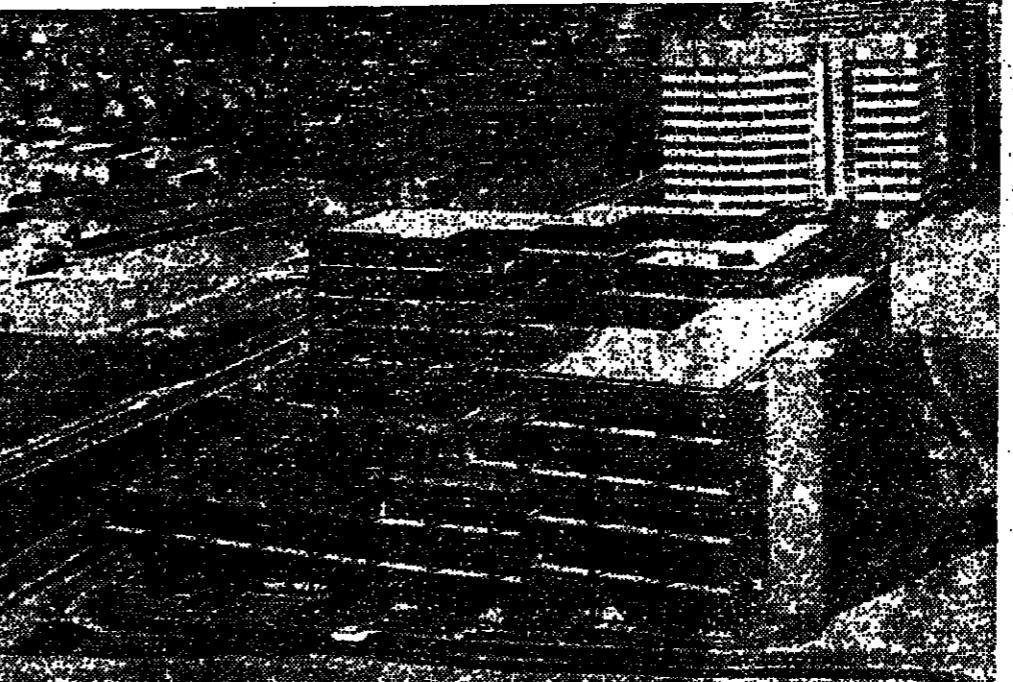
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This is the end product of arguably the most financially successful office relocation of recent years, the new Wiggins Teape headquarters at Basingstoke. The BAT subsidiary sold its Gateway House in the City for £22m. in 1972. This new Gateway House cost £10m. Lord Mountbatten of Burma, opening it this week, said that central administration costs there were about £1m. a year cheaper than in London. Also that the space cash generated by the City sale had helped Wiggins Teape through the recession by saving £5m. in interest charges (which it well needed, given the troubles in paper in 1974-75). The space office accommodation taken during the move has now been let or assigned (the 63,500 sq. ft. Belgrave House in Basingstoke was leased on the basis of handing it back to the owners, the Cadbury Schweppes pension fund). The one loose end to tie up is assigning the lease on 3-4 Lincoln's Inn Fields at £8.50 a sq. ft. WT's agents throughout have been Strutt and Parker.

of course, demonstrate that this Sandlands Report, which several important details of the only half the story with the showed huge deficits in distill RICS proposals on valuation

revaluation surpluses shown in buttable income for many accepted by the Morpeth Committee, and probably pay companies.

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Modern Factory/Warehouse Premises
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New Warehouses To Let 6,000 sq. ft.
35,000 sq. ft.
Orpington, Kent
Factory For Sale/To Let 30,000 sq. ft.
Fulham, Middx
Factory To Let 13,700 sq. ft.
Maidenhead, Berks
Warehouse & Offices
To Be Built To Let (W/H) 43,000+
(OFF) 9,000 sq. ft.



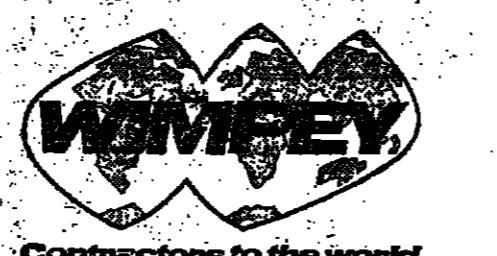
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INDUSTRIAL EXPANSION IN ABERDEEN MEANS ALTENS.

Altens Estate, a major industrial investment in Aberdeen, Britain's oil capital, is being created by Europe's leading contractor, George Wimpey & Co. Ltd. Serviced sites, factory and warehouse units to suit all requirements are available.

The sixty acre development has excellent communications, being just two miles from the city centre and harbour, with Dyce Airport nearby and direct road links with the South via the main A956 road.

If you're looking for industrial space in Aberdeen you need look no further than Altens.



For more information contact the
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Freehold Development Land

BEDFORD

approx 4.46 acres

Outline consent for warehouse development

To be sold

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123,800 sq. ft.
on nearly 12 Acres

Rent only 39p per sq. ft. approx.

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AN AGRICULTURAL INVESTMENT

Cambridgeshire: Royston 5 miles, Baldock 10 miles.

Rector Farm, Guilden Morden

Farmhouse & Buildings, Four Cottages.

0.53 acre plot and producing £8,210 p.a. gross. (Review 1975).

Auction Sale 30th May 1977.

Further particulars from Auctioneers
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**St. Mary Cray-Kent
only 15 miles Central London**

100,000-193,000 sq. ft. APPROX.

* 2 MAIN SINGLE STOREY BUILDINGS
* CENTRAL HEATING * LARGE YARDS AND CAR PARK

FREEHOLD FOR SALE OR TO LET



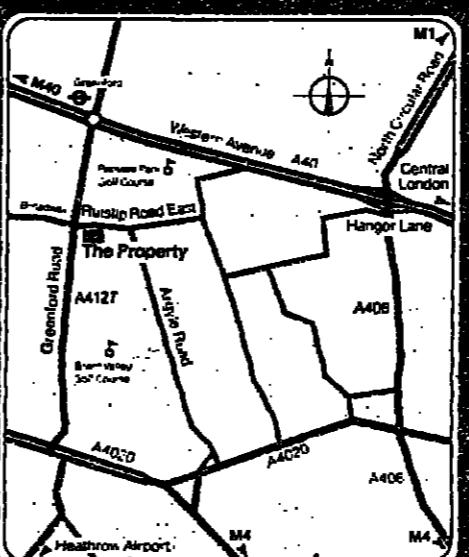
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On the
instructions of
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Entire Office Building
Lease For Sale

44,650sqft net



Greenford - Middlesex

The building provides approximately 44,650sq ft of useable space together with a superb fully fitted staff restaurant and over 100 car parkings spaces.

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Southampton 6 miles.

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5,806 Sq. Ft. NEW OFFICES

This building is completed to an excellent specification incorporating all those features one would expect in a modern building of this standard.

Initial Concessionary Terms Offered.

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New 5 year lease

From 2-10,000 sq. ft.

Good communications and

Excellent local amenities

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Air Conditioning

On-Site Car Parking

30 minutes from City of London

South-West Essex

Immediate Occupation

Freehold Available

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65,000 SQ FT OF SPACIOUS OFFICES

To let as a whole or in smaller units

Refurbished to a high standard with carpeting, lifts, central heating and car parking

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108 years unexpired at nominal fixed ground rent

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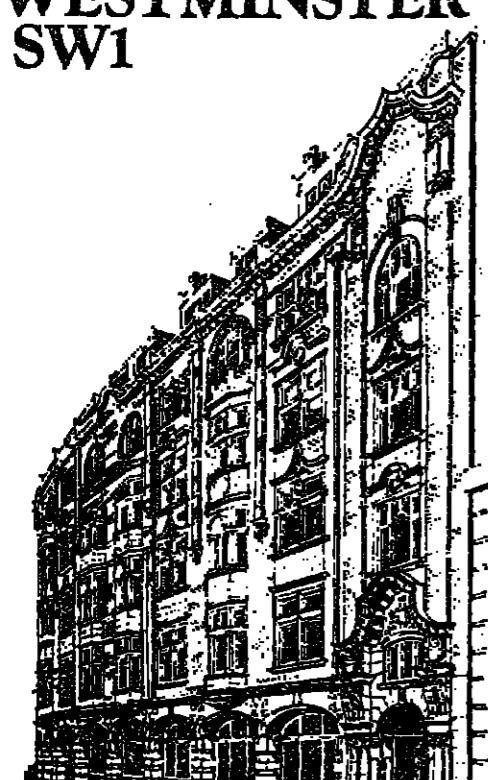
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SW1



11,750 sq. ft.
(will divide)

of excellent office accommodation

TO LET

Amenities include lift, central heating, carpeting, suspended ceilings and impressive entrance.

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22,000 sq. ft.

FIRST CLASS MODERN
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£2.70 sq. ft.

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UP TO 25 ACRES

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Garden House Covent Garden London WC2

* Prominent position in the heart of Covent Garden.
* Restored to a very high standard.
* 10,000 sq ft of quality offices.
* 3,660 sq ft industrial/studios.
* Ground Floor loading/car parking.
* New passenger lift and central heating.
* Suspended ceilings and carpeted throughout.

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Close to Western Avenue.

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From 9,000 sq. ft. - 31,000 sq. ft.
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From 10,000 sq. ft. - 40,000 sq. ft.
Warehousing, Ideal for London
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Offices from 2,000 sq. ft. - 8,000
sq. ft. Immediately available.
Planning Permission for further
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Introducing agents will
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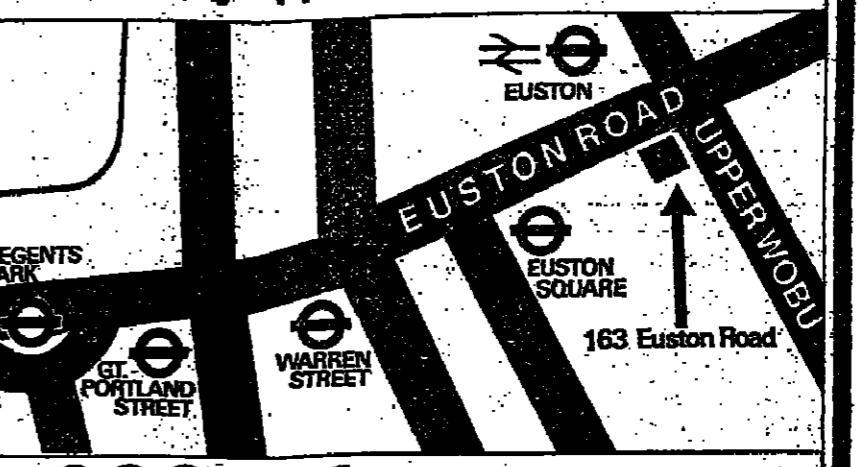
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Self-contained office building to be let
immediately opposite Euston Station.



37,000 sq ft

Fully modernised with carpeting
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Amenities include fitted kitchen,
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and director's flat.

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CENTRAL
Luxury Apartments
second floor of a m
The accommodation
lounge 50 ft. by 20
usual accommodation
interior layout, de
be completed to even
The interest to be sold
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Only replies from

LONDON NW
Attractive modern
WAREHOUSE
with offices
TO LET

1,500 sq. ft. 18 ft. high
1,400 sq. ft. offices
4 car park spaces
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Market Place, Reading
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NEW FACTORY &
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174 SQ. FT. APPROX.
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7,000 sq. ft.
SUITABLE FOR
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Telephone: 01-236 9961

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SELF CONTAINED
GROUND FLOOR
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with additional servicing accommodation

14,625 sq. ft.

VALUABLE LEASES TO BE ASSIGNED

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Self-contained office suites

Ground Floor - 7,900 sq. ft.

Tenth Floor - 2,850 sq. ft.

Leases to be Assigned
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SMITH MELZACK CITY ROAD

FINSBURY SQUARE

E.C.2.

OFFICE BUILDING

APPROX.

5,200 Sq. Ft.

TO LET

or

FREEHOLD

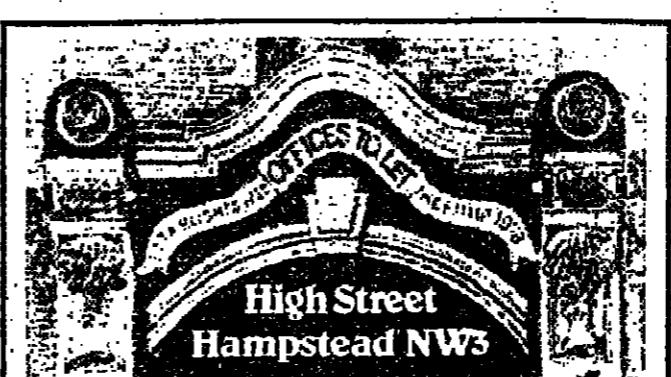
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The interest to be sold is leasehold (90 years unexpired) subject to ground rent biennially. Indexed and annual service charge covering portage and other services.

PRICE INDICATED £550,000

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LONDON N7

Attractive modern
WAREHOUSE
with offices
TO LET

7,500 sq. ft. 18 ft. eaves.
1,400 sq. ft. offices.
4 car park spaces.

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NEW FACTORY &
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4,794 SQ. FT. (approx.)

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Immediately Accessible
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All modern amenities

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New Factory & Warehouse Units
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NORTH SEA OIL REVIEW

1200 site Seaside

HOLIDAY CHALET/CARAVAN PARK

Permanent Planning Site Licence 11 months. Large licensed clubs, shops, entertainment units, swimming pool etc. All new ring main, sewage, electricity, water, gas. Unique beautiful situation adjacent beach—no competition. Fantastic holiday lettings achieved with further potential in rapidly expanding market. 60 miles, 2 mill. pop., 100 miles 8 mill. pop.

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Established 30 years. S.E. London. Average profit before Directors' remuneration last 3 years £23,000 plus. Price (neg.) £80,000. No goodwill, lease, plant, stock, etc. Owner retiring but will give all assistance to successors.

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Turnover and profit immaterial. Strictest confidence assured. Please write to Managing Director, Box E8848, Financial Times, 10, Cannon Street, EC4P 4BY, or telephone Hoddesdon 68190 any evening after 8 p.m.

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7% BUA 12,000,000—BOND 1984
Holder of the above mentioned bonds are hereby informed that the 25th annual instalment of the BUA 12,000,000—BOND 1984 will be effected partially by purchase in the market of 720 bonds currently held by the bank. The bond numbers of the bonds remaining outstanding after the purchase will be the following:

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STOCK EXCHANGE REPORT

Bank of England curbs enthusiasm about MLR cut

Equity downdrift after firm start—Index up 0.8 at 428.2

Account Dealing Dates

Option

First Declarer Last Account

Dealing from Dealings Day

Apr. 12 Apr. 21 Apr. 22 May 3

Apr. 25 May 5 May 6 May 17

May 9 May 19 May 20 May 31

"New time" dealings may take place from 9.30 a.m. two business days earlier.

Still on North Sea oil and

interest rate hopes, stock markets

started firmly yesterday, but were

looking increasingly uncertain as

the day progressed. Long-dated

Gilt-edged made the best showing

at the end in closing at, or near,

the day's best, with gains to 1;

the Government Securities index put

on 0.8, to 100.4, from 99.6, which is

1.87% of the 4-year high recorded

at the end of last month. Apart

from a couple of low-coupon

issues, short-dated stocks closed

with rises limited to 1, after 1,

following a relatively active trade,

quotations coming off the best

following the Bank of England's

signal for only a "marginal" fall

in Minimum Lending Rate to day.

Money market indications were

that MLR, if allowed to follow the

market-related formula, could

come down by as much as 2 per

cent to 8 per cent, but expectations

were also cooled by the

Bank's "Guidelines" in

leading equities from the open-

ing took the FT 30-share index, at

10 a.m., to within half a point of

its 1977 high of 433.8, but subse-

quent lack of demand saw a pro-

gressive decline for a close of

only 0.8 up on balance at 432.2.

Trade up on balance at 43



FT SHARE INFORMATION SERVICE

CANADIANS

BUILDING INDUSTRY—Continued

DRAPERY AND STORES—Continued

ENGINEERING—Continued

BANKS AND HIRE PURCHASE

ELECTRICAL AND RADIO

OVER FIFTEEN YEARS

CHEMICALS, PLASTICS

HIRE PURCHASE, ETC.

ENGINEERING, MACHINE TOOLS

BEERS, WINES AND SPIRITS

CINEMAS, THEATRES AND TV

FOOD, GROCERIES, ETC.

AMERICANS

DRAPERY AND STORES

BUILDING INDUSTRY, TIMBER AND ROADS

CINEMAS, THEATRES AND TV

HOTELS AND CATERERS

FOREIGN BONDS & RAILS

DRAPERY AND STORES

AMERICANS

DRAPERY AND STORES

Crédit Suisse loss may top £170m.

BY PAUL BETTS

LOSSES sustained by Crédit Suisse in the Chiasso affair may be much higher than the bank's estimated Sw.Fr.250m. Though it is still too early to estimate precisely, senior banking officials in the Canton of Ticino believe that the bank may have lost three times as much, equivalent to £173m.

The three most senior executives of the bank's Chiasso Branch are held on remand in Lugano Jail, and a Crédit Suisse announcement that it will return 75 per cent. of the value of individual deposits guaranteed by the branch, the remainder to be withheld to pay any related Federal fiscal demands, has apparently reassured clients.

Only a few have withdrawn deposits and business at the Chiasso branch to-day was normal.

• John Wicks in Berne reports:

Dr. Leutwiler spoke of the behaviour of certain unnamed Swiss banks which, he said, had abused the principle of banking secrecy in a manner which damaged the reputation of Switzerland as a banking and financial centre.

Swiss banking law is sufficient as it stands as a basis for adequate control, he said. But the possibility of dishonest machinations could be reduced, though not eliminated altogether, by stricter enforcement. An expansion of the Swiss bank control was "advisable and urgent."

Dr. Leutwiler referred to the Sw.Fr.3bn standby credit offered

to the Chiasso aftermath. Page 5

Arrests follow probe of Israel-British Bank

BY MARGARET REID

A NUMBER of people have been arrested by the City of London Police's Company Fraud Department in connection with the affairs of Israel-British Bank (London), formerly of 11/13, Holborn Viaduct, London, now in liquidation.

Those charged in the matter are expected to appear in court at Guildhall Justice Room in the City this morning.

Israel-British Bank (London) was a subsidiary of Israel-British Bank of Tel Aviv, and both were owned by relatives of the late Mr. W. N. Williams. Mr. Williams' sons-in-law, Mr. Joshua Benson and Mr. Harry Landy, were joint managing directors of both banks. Mr. Benson being based in Tel Aviv and Mr. Landy looking after the London bank.

Israel-British Bank of Tel Aviv failed in 1974 and a few days later Israel-British Bank (London) suspended payments and was subsequently put into liquidation, becoming the only authorised bank to go under in 10 counts of the 1973-74 crisis of Britain's secondary banks.

Creditors of the collapsed London bank were afterwards told

that of the two banks' combined City and Westcliff Properties, in £80m. deficit, a significant part which Israel-British Bank (London) was in loans—most probably don't had a near-30 per cent. shareholding, and which is now being taken over by Loarho and Merchants National Bank and Trust Company, of Indianapolis, in the U.S.—both over £2m. International Westminster Bank, the Crown Agents, Landesbank Rheinland-Pfalz, and Bank Mellit Iran were among other creditors for more than £1m. each, while the American Federal Deposit Insurance Corporation, as successor of the crashed Franklin National Bank, was owed £80 per cent. of the outstanding loans made by the London bank.

Shortly after the Tel Aviv bank's failure in 1974, Mr. Benson was arrested and afterwards jailed for 12 years following his conviction in Israel on counts of fraud and embezzlement.

Borrowings in the money market left 90 international banks—as well as 400 private lenders—with debts owing to the Bank of England, which contributed £5m. to the pool of funds for distribution by the time of its collapse.

The creditors included London

British Steel lost £100m. last year despite £3bn. sales

BY ROY HODSON

THE BRITISH Steel Corporation lost £100m. in the financial year 1976-77 on sales of £3bn. and does not expect to make any profits during the next six months.

The poor figures, which have been the subject of speculation for some weeks, were officially confirmed in London yesterday by Sir Charles Villiers, BSC chairman, at a lunch attended

by other steelmakers. Ministers and customers of the corporation must roll back the flood of imports. We cannot afford to import steel which can be perfectly well made here," he said.

Early last year the corporation had hoped to break even in 1976-77 after making a record loss of £225m. in 1975-76.

Despite Sir Charles' pessimistic forecast, the Government has no intention of scaling down the £700m.-a-year investment plan for British Steel, by far the most ambitious steel development going ahead in Europe.

Mr. Eric Varley, the Industry Secretary, referred yesterday to the conflict between the BSC investment programme and the Davy Plan, newly approved by the European Commission, to regulate steel production and sales in the Community during the world steel crisis.

Britain was not prepared to accept any proposals that would result in our having to shoulder other countries' problems, he said, either by forgoing new employment prospects or by giving up markets which would otherwise be available to us.

Mr. Varley said BSC would be spending over £3bn. on new plant between now and 1981. "We

Continued from Page 1

Callaghan

question of his being thrown out, he said.

"If anyone is going to be expelled, it will be Mr. Powell," Mr. Paisley added.

As the bitterness within the coalition grew, Mr. Paisley and Mr. Ernest Baird, co-leader of the Action Council, said they would give details today of next Friday's disruption. But, far, neither has confirmed that it will take the form of an indefinite strike.

Their ultimatum to the Government runs out at midnight on Monday.

Representatives of both sides of the industry in Ulster issued a joint statement warning that a strike would jeopardise the future of every man, woman and child.

The Ulster branch of the CBI, the local Chamber of Commerce and the Northern Ireland Committee of the Irish Congress of Trade Unions appealed, in the statement, to all the Loyalist workers, especially those in power stations, to think again before giving their support.

"If there is a strike, customers will go elsewhere for their goods, investors will disregard Ulster and many firms could go out of business.

Varley denies Drax deal with Weinstock

BY RICHARD EVANS, LOBBY EDITOR

Crédit Suisse by the National Bank, the Swiss Bank Corporation and Union Bank of Switzerland to meet any liquidity crisis. Credit Suisse share prices dropped 10 per cent. on the day the offer was announced, although it was refused.

Crédit Suisse's successful negotiations of a deal to take over the active assets of Weinstock, a smaller Ticinese bank which failed six weeks ago, and the consequent gain in clients, and qualified staff, is said to have annoyed its two main rivals, the Swiss Banking Corporation and the Union Bank of Switzerland.

Referring to this, Dr. Leutwiler denied what he called the "absurd assumption that the stand-

by credit offer was made without the knowledge of Crédit Suisse."

The offer was made in consultation with the top management at Crédit Suisse, he said.

The Chiasso aftermath. Page 5

THE LEX COLUMN

Recovery in Marks' U.K. margins

Index rose 0.8 to 428.2

angrily to state that this was

a "quite improper remark."

Mr. Varley told MPs that the restructuring of the heavy power plant industry, Mr. Eric Varley, Secretary for Industry, told anxious MPs at a meeting of the Parliamentary Labour Party last night.

And in a sharp exchange, Mr. James Callaghan angrily rejected an allegation from one back-bencher that the Cabinet was too much under the influence of Sir Arnold Weinstock, managing director of the General Electric Company.

These include a restructuring of the industry into one turbine-generator manufacturer and one boilermaker and a steady ordering programme including Drax B. Mr. Varley added that Ministers also accepted the review staff view that these measures must be considered as an interdependent package, none of them in isolation could produce the desired result.

Mr. Varley added that he was exploring with each of the companies involved possible bases for the restructuring. His overriding objective had been to discover a solution offering the prospect of long-term employment for as many people as possible consistent with achieving an internationally competitive industry.

But Mr. Varley said that so far all discussions on the future of the industry had been "exploratory" and no conclusions had been reached.

"We have not pressed any

particular solution on anyone;

no deal of any kind has been made by the Government," the Minister said.

Mr. Dennis Skinner, the outspoken MP for Bolsover, argued that the restructuring would throw thousands of men out of work. What was needed was constructive action by the Government. But that position has not yet been reached—for example, there have so far been

no direct negotiations between GEC and Rayrolle Parsons," Mr. Varley said.

The Prime Minister intervened.

Other Drax news, Page 12

Three could upset these projections. At 117p, a p/e of 15.5 should drop by three points next year.

Though the sales figures

understate the improvement because the previous year had an extra week, UK turnover rose by 13.8 per cent. On the clothing side, volume market

time but road sales continued to be surprisingly buoyant with volume up by 3 to 4 per cent.

Obviously a 3½ per cent. increase in UK sales area helped turn

over, but the group was able to raise gross margins by about three-quarters of a point and with the rise in operating costs

kept down to around 15 per cent., net margins started to

recover in the second half.

Overseas the story has not been quite so good. The European market has been cut by £2m., but though the Paris and Brussels stores performed well the Lyons site has stayed in the red and with another two or

three stores opening around Paris over the next 12 months, the associated heavy start-up costs will mean that Marks and Spencer will do well to break even in Europe in the current year.

In Canada the picture is more hopeful. The heavy

reorganisation costs are now

over and last year's £4m. loss

since February 1974 are the cash to current balances

which will be translated into a profit of £1m. by this year.

Given a £5m. or so turnaround

in Canada, and modest growth in

UK volume in the current

year, plus a further slight im-

provement in margins, the group

looks on course for profits of

£125m. plus in the current year

candy lower compensation the prospective yield is still

the outcome of Phase figure is fair. That is not a very

only 6.2 per cent.

powerful bargaining position,

but the arguments will no doubt go on for a long time.

Vickers

Against a half-time forecast of no increase in profits, Vickers emerges from 1976 with a pre-tax gain of £4m. in £35m. Once again it has been RAC to the rescue with the associated contribution rising from £15m. to £20.5m. The rest of the group has made no overall progress. Canada has turned four and shipbuilding has continued its decline with engineering coming from engineering in the U.K. (mostly the bearing and cutting machinery operations) and the lithographic division, where sales volume looks to have risen by at least 20%.

The share price has come down from the high covered yield of 6 per cent. (and p/e of 4.5) to taking a fairly neutral stance at this stage of the nationalisation negotiations.

Meanwhile, the balance sheet is still not showing any signs of strain. Net borrowing at the year-end are only £2m. higher than about £85m., although this is partly due to the way in which in-creditors has limited growth in net working capital to around £5m.

European Ferries

European Ferries share capital stands to rise by a further 25.4% to £20.4m. if the acquisition of English and Caledonian Investment goes through (and it is agreed). So

there is to be no immediate end to the sort of earnings

strain that has dogged share price in recent years. The

Government will be happy to follow that kind of reasoning.

Compensation under the three March 1976 and the end of the year will be based on whatever the shares panned from £10m. to £20.7m.

It is hardly likely that the Government will be happy to follow that kind of reasoning.

Even if the companies gain any recognition for recent profits from 7.5p to 12.5p with the growth-RAC produced only a very nominal tax charge through (and it is agreed). So

there is to be no immediate end to the sort of earnings

strain that has dogged share price in recent years. The

Government will be happy to follow that kind of reasoning.

The tactics of GEC and Vickers appear to be to make ferries in the autumn. At the same time, the net dividends

will be able to advise But the shares slipped up to

£125m. plus in the current year candy lower compensation the prospective yield is still

the outcome of Phase figure is fair. That is not a very

only 6.2 per cent.

Continued from Page 1

Bank acts to stem short-term interest rate drop

BY MICHAEL BLANDEN

THE BANK OF ENGLAND stepped in yesterday for the first time this week to slow down the drop in short-term interest rates

later, after the Bank had forced the market to borrow for seven days at MLR. But at the end Treasury bills were still being quoted at rates which maintained at to-day's weekly tender

would bring a 1 point cut.

The Bank, however, retains the power to override the normal formula at the tender in order to prevent a fall which it regards as too great.

Even a small reduction in MLR could prompt the big banks

to consider a further reduction in their own lending rates, following the drop in base rates from 9 to 9 per cent. early this week. The banks may, however, wait to see how the market settles down and how official policy towards rates develops before making any decisions.

The level of rates rose again

in a clear signal that the Bank

wanted to see no more than a marginal fall in Treasury bill rates and minimum lending rate to-day.

It was thought that the Bank would prefer MLR to come down by only another 1 point from its present 8½ per cent.

The more dashed hopes of a bigger cut which had been evident earlier in the day, when rates on Treasury bills had dropped close to the levels

from 9 to 9 per cent. early this week. The banks may, however, wait to see how the market settles down and how official policy towards rates develops before making any decisions.

The level of rates rose again

in a